

County of
Muskegon,
Michigan



Year Ended
September 30,
2016

Comprehensive
Annual Financial
Report





County of Muskegon, Michigan

Comprehensive Annual Financial Report
For the Year Ended September 30, 2016

*Prepared by
Department of Finance and Management Services/Accounting*

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Director of Finance/Assistant County Administrator*

*Dwight D. Avery, CPA, CCM, CGFM
Accounting Manager*

COUNTY OF MUSKEGON, MICHIGAN

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INTRODUCTORY SECTION

COUNTY OF MUSKEGON, MICHIGAN

Principal Officials

March 27, 2017

BOARD OF COMMISSIONERS

Benjamin E. Cross, Chair (District 2)
Charles T. Nash, Vice Chair (District 6)
Marvin R. Engle (District 5)
Gary L. Foster (District 7)
Susan Hughes (District 3)
Kenneth D. Mahoney (District 9)
Robert N. Scolnik (District 4)
I. John Snider II (District 8)
Rillastine R. Wilkins (District 1)

JUDICIARY

14th Circuit Court Judges

William C. Marietti, Chief Judge
Timothy G. Hicks, Pro Tem
Kathy L. Hoogstra*
Annette R. Smedley

* Family Division Judge also

60th District Court Judges

Raymond L. Kostrzewa, Jr., Chief Judge
Maria Ladas Hoopes, Pro Tem
Harold F. Closz III
Geoffrey T. Nolan

Probate Court Judges

Gregory C. Pittman, Presiding Judge*
Brenda E. Sprader

OTHER ELECTED OFFICIALS

Michael J. Poulin
County Sheriff

Tony Moulatsiotis
County Treasurer

D.J. Hilson
Prosecutor

Mark F. Fairchild
Register of Deeds

Timothy W. DeMumbrum
County Surveyor

Nancy A. Waters
County Clerk

Brenda M. Moore
Drain Commissioner

ADMINISTRATION

Mark E. Eisenbarth
County Administrator

Beth M. Dick, CPA
Director of Finance/Assistant County Administrator

MUSKEGON COUNTY

M I C H I G A N

BOARD OF COMMISSIONERS

Benjamin E. Cross
Chair, District 2

Charles Nash
Vice-Chair, District 6

Rillastine R. Wilkins
District 1

Susie Hughes
District 3

Robert Scolnik
District 4

Marvin Engle
District 5

Gary Foster
District 7

I. John Snider II
District 8

Kenneth Mahoney
District 9

March 27, 2017

To the Citizens, Administrator Mark Eisenbarth and
the Board of Commissioners of the County of Muskegon:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the County of Muskegon, Michigan for the fiscal year ended September 30, 2016.

Management Responsibility

This report consists of management's representations concerning the finances of Muskegon County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of Muskegon County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Muskegon County financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Muskegon County comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Independent Audit

The Muskegon County financial statements have been audited by Rehmann Robson, a firm of independent certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Muskegon County for the fiscal year ended September 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statements presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Muskegon County financial statements for the fiscal year ended September 30, 2016, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

COUNTY OF MUSKEGON, MICHIGAN

Transmittal Letter

PROFILE OF MUSKEGON COUNTY GOVERNMENT

The County of Muskegon, incorporated in 1859, is located in the western part of the State of Michigan at the intersection of US 31 and Interstate 96 along the shoreline of Lake Michigan. The County is a top tourist destination serving approximately 170,000 residents within an area of 527 square miles. The County is governed by an elected Board of Commissioners consisting of a Chairman and eight other Members. Muskegon County is empowered to levy a property tax on both real and personal property located within the County.

Policy-making and legislative authority are vested in the County Board of Commissioners. The Board of Commissioners is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the County Administrator. The County Administrator is responsible for carrying out the policies and ordinances of the County and for overseeing the day-to-day operations of the County. The Commissioners are elected on a partisan basis by district. Commission members serve two-year terms.

The Board of Commissioners adopts an annual budget. The annual budget serves as a foundation for Muskegon County's financial planning and control. A narrative of the budget process is presented in the Notes to Financial Statements section of this report.

Reporting Entity and Services

As required by generally accepted accounting principles, these financial statements present Muskegon County and related component units. The individual component units are included in the County's reporting entity because of their operational or financial relationships with the County.

The County provides a full range of municipal services. These services include legislative, judicial, public safety, health, mental health, welfare, culture, recreation, wastewater treatment, solid waste disposal, transportation (airport and bus services) and general administrative services. In addition to general government activities, because of the significance of their operational and financial relationship, the Muskegon County Road Commission, Muskegon County Office of the Drain Commissioner and the Muskegon County Land Bank Authority are included in the reporting entity.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy

Like other counties in the state, Muskegon County has been significantly impacted by the economic downturn. Four consecutive years of declines in taxable values had resulted in decreasing revenues from property taxes, the County's largest single source of revenue in the General Fund. Declines in taxable values have resulted in \$2.7 million in lost revenues over the time period from fiscal years 2009 through 2013. Small taxable value increases followed in 2014 and 2015 of .64% and 1.38% respectively. In August 2014, Michigan voters passed Proposal 1, approving Michigan Personal Property Tax Reform. Muskegon County's taxable value decreased 1.64% as a result due to the significant amount of personal property exemptions filed. Included in the reform was a component that the state would reimburse municipalities for those personal property tax losses. Although the estimated loss in revenue from the personal property exemptions was estimated to be \$499,000, the County received reimbursement from the state of \$1,070,000. The additional revenue received was due to the state setting aside more money for these reimbursements than the actual losses incurred and therefore, the excess was

COUNTY OF MUSKEGON, MICHIGAN

Transmittal Letter

distributed to municipalities totaling \$135 million state-wide. While this additional revenue was unexpected and a significant benefit to the General Fund, it should not be an expectation for future year budgets. Aside from the taxable value reduction resulting from the exemption for eligible manufacturing personal property, residential building and home sales - as well as some commercial and industrial expansion - are showing positive signs throughout the county.

Another sign that the local economy is improving is the decline in unemployment rate. Unemployment was as high as 15.9% in fiscal year 2010. Fiscal year 2016 began the year at 4.4% unemployment and ended the year at 4.2%. Many local employers have started to hire again and some are even expanding their operations.

The State of Michigan's financial condition also has a significant impact on the County's budget. Revenue sharing distributions to counties has not been a consistent revenue stream over the past several years. Since fiscal year 2011, revenue sharing revenues declined from \$4.1 million to \$2.9 million in 2014 and then increased to \$3.6 million in fiscal year 2015 and remained the same for 2016. In addition, for fiscal year 2016 the State required that the traditional revenue sharing payments be contingent upon meeting the requirements of the "County Incentive Program" (CIP). This program now requires that Michigan counties address three general areas; Accountability & Transparency, Consolidation of Services, and Unfunded Accrued Liabilities. The County complied with all of these requirements and received its full allocation of revenue sharing in 2016.

Long-term financial planning

Although fiscal year 2016 was a year of improving local economic conditions, the lost revenues of the prior years and increasing wage and benefit costs continued to challenge Muskegon County's ability to balance the budget. Through the collaborative efforts of the Functional Budget Teams, revenue enhancements and expenditure reductions totaling \$3.4 million were achieved in an effort to balance the budget and continue to maintain service levels as much as possible. This was the fifth year that the Functional Budget Team approach to budgeting was utilized. The four teams are General Government, Community Services, Human Services and Public Safety. Elected officials, directors and staff from each department participate on one or more of these teams depending on the type of functional activities performed by their departments. The budget process typically begins with a projected General Fund budget deficit being developed by the County's budget staff based on various preliminary budget assumptions with regards to revenues and expenditures. Each team is given a target amount based on that projection, which the group must work toward together to develop revenue enhancements, expenditure reductions or a combination of the two that will help to prevent or lessen the possibility of a budget shortfall. Some highlights of the collaborative efforts of these teams that were implemented for fiscal year 2016 were as follows:

General Government Budget Team Highlights:

- Human Resources revenue increase from renewal of a contract with the City of Muskegon for HR services
- Deeds Automation Fund utilized to cover a portion of the General Funds chargeback related to the ongoing ECM (Enterprise Content Management) project cost
- Utilization of tax forfeiture funds to support general fund
- Enhanced Equalization department revenues by entering into a new contract with Newaygo County to provide the services of our Equalization Director and adding a new assessing contract with Dalton Township
- Increased various fees in the Treasurer's and County Clerk's offices

COUNTY OF MUSKEGON, MICHIGAN

Transmittal Letter

- Decreased salary and fringe benefit cost in the Treasurer's, Register of Deeds', and County Clerk Elections offices, as well as the Human Resources and Equalization departments; this was achieved from a combination of transferring portions of position funding to other funding sources and by leaving certain positions vacant

Community Services Budget Team Highlights:

- Closed the underutilized Training Center building to reduce utility costs
- Adopted and implemented a policy whereby certain employees may pay for personal use of County-owned cell phones used for County business purposes

Human Services Budget Team Highlights:

- Continue to work together to increase community-based services and reduce the overall residential/foster care cost in the Child Care Fund budget. By utilizing the newly constructed and expanded Juvenile Transition Center in conjunction with other community-based services, the number of children needing residential care should be reduced and a reduction in the residential days of care for those requiring specialized services should be realized
- Staffing reorganization within the Public Health department along with the utilization of the services provided by MSU Extension towards the local match requirement resulted in a reduction in the appropriation from the General Fund

Public Safety Budget Team Highlights:

- Reduction in salary and fringe benefit expenditures in the Sheriff Jail and Animal Control budgets realized by not filling vacant Correction Officer and Clerk II positions and by eliminating a vacant Jail Activity Coordinator position
- Reorganization of positions in District Court resulting in a reduction in salary and fringe benefit costs
- Utilized Prosecutor legal secretary staff to perform child support enforcement duties and cover a portion of their salaries and fringe benefits with grant funding
- Use of the Swift and Sure Sanctions Probation Program (SSSPP) grant for covering various grant-allowable salary and fringe costs within the Prosecutor's Office, Sheriff's Office, Public Defender's Office, Circuit Court and District Court

The County is continuously looking for areas to consolidate operations, share services between departments and collaborate with other agencies and municipalities in an effort to generate new revenues and reduce expenditures. As a result of the additional funds reimbursed by the state to cover personal property tax revenue losses as well as the entire budget saving measures implemented by the various departments, the County's General Fund ended fiscal year 2016 with an operating surplus of approximately \$785,000. The unassigned fund balance as a percentage of General Fund expenditures and transfers out has increased from the prior year to 17.2%, which is slightly below the Board's financial policy target of 18%. While fiscal 2016's results are a significant improvement over the previous 5 years, there continue to be fiscal challenges to be addressed for fiscal 2017 and beyond. For county governments the most significant expenditures are personnel costs. Although the County has already taken steps to reduce retirement costs by closing its defined benefit pension plans to all new hires, five-year projections provided by the Municipal Employees' Retirement System (MERS) continue to show significant increases in these pension costs going forward. Measures have also been taken to reduce health care costs by offering for the first time a tax-advantaged Health Savings Account (HSA) feature to employees who participate in a high-deductible health plan (HDHP). While approximately one-third of County employees chose this new plan, the remaining two-thirds of employees are still enrolled in the higher cost medical plans. County department heads, Elected

COUNTY OF MUSKEGON, MICHIGAN

Transmittal Letter

Officials, Administrative staff and the County Board of Commissioners continue to work together to toward improving the County's overall financial condition while protecting the core services provided by the County.

MAJOR INITIATIVES

One of the most significant initiatives in FY2016 was the completion of the new County Jail. In October 2013, \$38.87 million in General Obligation bonds were issued to (a) fund the construction of these two facilities (\$34.0 million) and (b) create a debt service reserve to fund construction period interest (\$4.87 million). This project had been an ongoing priority for many years. The County Board designated \$6.0 million in surplus funds from Delinquent Tax funds to be used towards this capital project, which was able to stay within its \$40 million project budget. The Juvenile Transition Center was completed in October 2014 and the new County Jail was completed with the final transfer of inmates occurring in November 2015. Both facilities have been utilized now for over a year and two years respectively resulting in significant operational efficiencies in comparison to the previous facilities.

Economic development continues to be a priority of the County. Muskegon County has been collaborating with community and regional partners to position the Port of Muskegon as a regional logistics hub. The Port of Muskegon has a long history of commercial and industrial activity. The Muskegon County Port Advisory Committee, consisting of both public and private community leaders, has been working to promote the Port and increase economic activity in and around the harbor. These efforts include the recent completion of the Port of Muskegon Infrastructure & Organizational Analysis, and Vision 2020 Muskegon Lake Master Plan. Muskegon County is also an active member of the American Great Lakes Ports Association. In 2017, partners will continue to promote shipping and development opportunities on the harbor, and the local waterfront is scheduled to see 11 ports of call from two different cruise lines during the upcoming year.

Another continuing economic development focus is increasing the flow to the Wastewater Treatment Facility and the development of the Wastewater system property. Since the closure of the local paper mill in 2009, the County's Wastewater Treatment Facility has had excess capacity. Discussions with a municipality and manufacturer outside of our county to potentially provide them with the capacity they need for wastewater discharge and treatment have been ongoing for over a year. In addition, we are marketing our Wastewater property as a potential site location for data centers. With its available land, electrical infrastructure, abundance of water for cooling and proximity to other metropolitan areas, the Wastewater property makes an ideal site for this type of industry to locate a new data center facility. The property is also being considered for wind and solar power development. A solar project is currently being marketed to utility companies and industrial users for a potential 100+ megawatts in energy output and is anticipated to be operational in 2019. This project will provide both economic and environmental benefits to the region through the utilization of this renewable energy resource.

During 2016 the Muskegon County Economic Development Corporation (EDC) was reactivated in an effort to improve economic development opportunities and investment. The EDC had been inactive since 1998 after several years of issuing revolving loans to various businesses. An EDC provides a mechanism for manufacturing and nonprofit organizations to obtain tax-exempt financing for expansion or development purposes without committing the full faith and credit of the County. In 2016, the EDC provided a local assisted living facility with a mechanism to successfully refinance an outstanding loan and save \$1.2 million in future interest costs. Going forward, the goal is for the EDC to encourage

COUNTY OF MUSKEGON, MICHIGAN

Transmittal Letter

growth within the County by helping developers obtain tax-exempt financing to expand or build their businesses.

In conjunction with economic development objectives, the County is a stakeholder in the [WATCH MUSKEGON](#) campaign. This is a county-wide effort to improve the overall image of the Muskegon area, share the positive changes that have already taken place and to educate residents and nonresidents on Muskegon's assets. The goal is that by improving the image of the Muskegon area through positive community pride and promotion it will help to attract new residents, tourists, business and capital investment to the community. The multifaceted campaign focuses on economic development, beautification, education, customer service and marketing efforts.

The County's continued participation in the neighborhood stabilization and revitalization effort is a critical component to the long-term economic development of the community and improving the image of Muskegon. The Muskegon County Land Bank Authority was formed in 2007 to transform vacant, tax delinquent and abandoned property for the benefit of the surrounding property, to improve the community, stabilize the area, give low income families the opportunity to be home owners and return the properties to the tax rolls. The County has also participated in this effort by coordinating the submission of grant applications which has resulted in \$6.3 million in grant awards over the last 3 years for neighborhood stabilization and blight elimination activities.

Recreational and cultural opportunities are other key factors that help to drive economic development. In 1996, Muskegon County voters approved a Quality of Life millage to support \$16 million in bonds for capital improvements to the L.C. Walker Arena and the Frauenthal Theater, two of the largest recreational/cultural facilities within the County. This millage expired in December 2015. The County recognized however that there are still many more "quality of life" improvements that could be made in our community. Over the last year the County has reached out to all of the local municipalities to get a list of recreational projects that they would like to see occur in their respective areas. The response was an overwhelming \$45.6 million in projects including bike and pedestrian trails, facility improvements, park improvements and more. Given the dollar magnitude of the projects, the County presented the idea of forming a Recreational Authority as an alternative approach to accomplishing these projects. A Recreational Authority would be a partnership of the municipalities that chose to join the authority that would initiate a community-wide planning process, assess the recreational needs and assets of the community, collect public input and formulate the recreational goals of the community. The authority would have the ability to apply for and receive grants and tax or issue bonds for projects. The County has been holding regular educational sessions on this topic as various municipal meetings. To date 15 municipalities have provided letters of support for the Recreational Authority. The County will continue to move this process forward in an effort to expand and improve Muskegon County's recreational and cultural options.

Providing activities and services for senior citizens is also an important quality of life component for any community. In March 2016, the County Board of Commissioners approved a request for .5000 mills to be placed on the August 2, 2016 ballot for the purpose of providing funds for planning, coordinating and providing services to older persons in Muskegon County. The voters overwhelmingly approved the millage request. It is anticipated that the millage will generate over \$2 million annually for the next eight years with the first levy assessed in December 2016. A nine person Senior Activities Committee will have the responsibility to review, recommend and report on activities and expenditures of the millage funds with the County Board of Commissioners having the ultimate approval and responsibility over the millage budget.

COUNTY OF MUSKEGON, MICHIGAN

Transmittal Letter

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Muskegon County for its comprehensive annual financial reporting for the fiscal year ended September 30, 2015. This was the 40th consecutive year the County has received the award. This Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe this current report continues to conform to the Certificate of Achievement program requirements, and will be submitting it to GFOA to determine its eligibility for another certificate for the year ended September 30, 2016.

The preparation of this comprehensive annual financial report was made possible by the dedicated service of the entire staff of the Finance and Management Services Department, as well as the staff throughout the County responsible for financial management and reporting, and the capable assistance of independent auditors. Each participant has our sincere appreciation for the contributions made in the preparation of this report. In addition, we would like to recognize the County Board of Commissioners for its leadership and support in the management and reporting of the County.

Respectfully submitted,



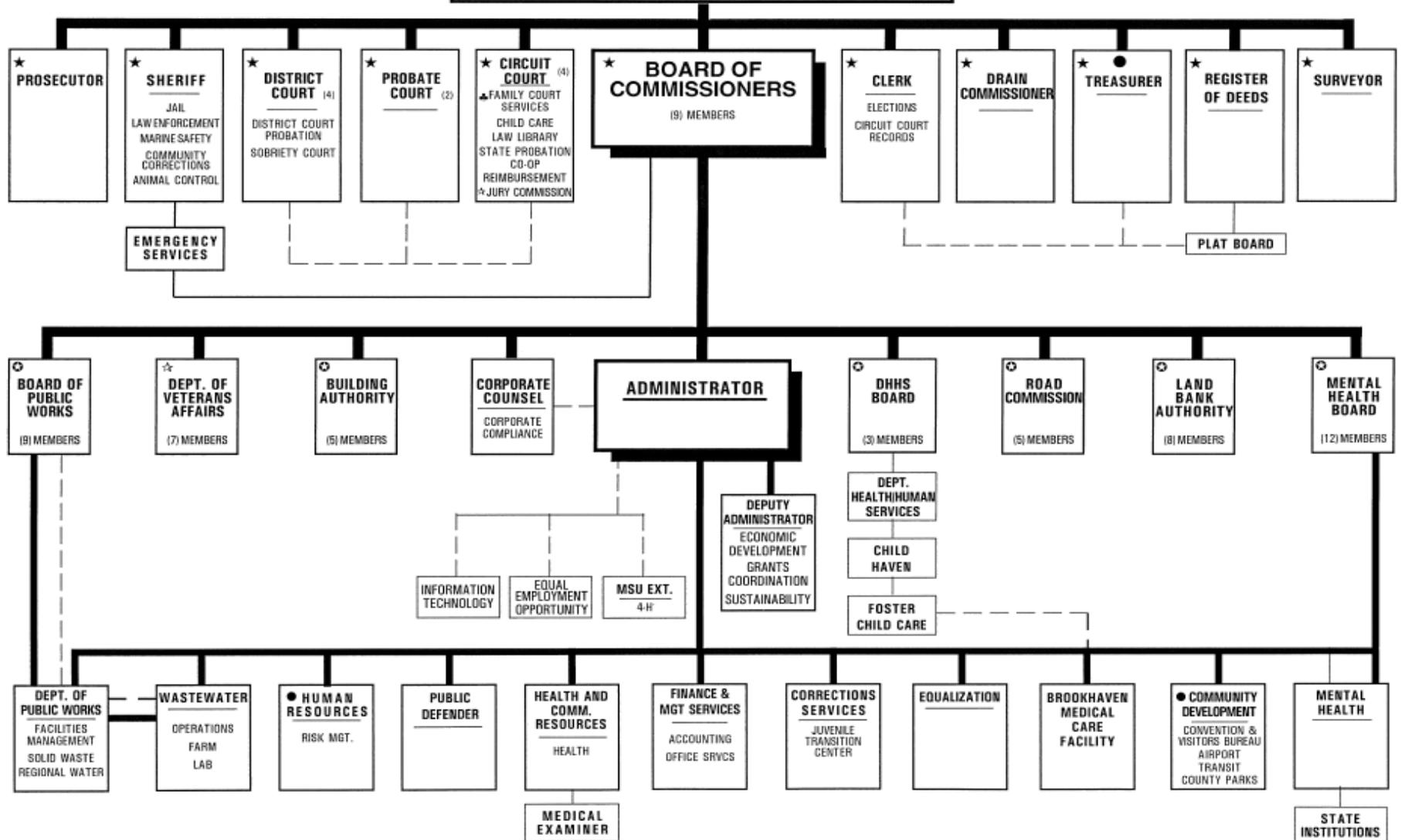
Beth M. Dick, CPA
Director of Finance/Assistant County Administrator



Dwight D. Avery, CPA, CCM, CGFM
Accounting Manager

2016 ORGANIZATIONAL CHART

ELECTORATE MUSKEGON COUNTY



LEGEND: ★ ELECTED POSITION ☆ STATE APPOINTMENT OR CONCURRENCE ⊕ AUTONOMOUS OR SEMI-AUTONOMOUS FUNCTION (MEMBERS APPOINTED BY BOARD OF COMMISSIONERS) ● INTRAGOVERNMENTAL ▲ FAMILY COURT SERVICES CONSISTS OF: FRIEND OF THE COURT, FCC CO-OP REIMBURSEMENT, FAMILY COUNSELING SERVICE, JUVENILE COURT AND INTENSIVE PROBATION - - - - - RELATED FUNCTION (OPERATIONS)



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**County of Muskegon
Michigan**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

Executive Director/CEO

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

March 27, 2017

Honorable Members of the
Board of Commissioners
of the County of Muskegon, Michigan
Muskegon, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *County of Muskegon, Michigan* (the "County"), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Muskegon County Road Commission, a discretely presented component unit, which represents 93 percent, 94 percent, and 95 percent, respectively, of the assets, net position, and revenues of the discretely presented component units. In addition, we did not audit the financial statements of the HealthWest fund, a major special revenue fund and therefore its own separate opinion unit. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Muskegon County Road Commission and the HealthWest special revenue fund, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Muskegon County Road Commission were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Muskegon, Michigan as of September 30, 2016, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and each major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Restatement of Beginning Net Position of Business-type Activities and the Wastewater Enterprise Fund

As discussed in Note 20 to the financial statements, beginning net position of business-type activities and the Wastewater enterprise fund were restated to correct unbilled receivables and revenue for September 2015 that were omitted from the prior fiscal year. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis and the schedules for the pension and other postemployment benefit plans, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections, and the schedules required for the Muskegon Area Transit System, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2017, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters in a separately issued single audit act compliance report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Rehmann Lobson LLC

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MANAGEMENT'S DISCUSSION AND ANALYSIS

COUNTY OF MUSKEGON, MICHIGAN

Management's Discussion and Analysis

As management of the County of Muskegon, Michigan (the "County") we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our transmittal letter, which can be found in the introductory section of this report, and the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The *assets and deferred outflows of resources* of the County of Muskegon exceeded its *liabilities and deferred inflows of resources* at September 30, 2016; the difference representing net position of \$84.5 million. Of this amount, a negative \$41.5 million *unrestricted net position* resulted from the implementation of Governmental Accounting Standards Board (GASB) Statement Nos. 68 and 71 and the requirement to record a net pension liability in the amount of \$105.3 million on the government-wide financial statements. *Restricted net position* of \$2.9 million may be used for the County's ongoing obligations related to programs with external restrictions. The County's *net investment in capital assets* was \$123.1 million.
- The Muskegon County primary government's net position decreased by \$17.9 million to \$84.5 million from \$102.4 million (restated) reported at the prior year end due primarily to increase in the net pension liability and deferred pension amounts. Beginning net position of the business-type activities was restated (increased) by \$1.1 million to correct for unbilled receivables and revenue for September 2015 that were omitted from the prior fiscal year.
- The County's *net position* decreased approximately \$17.9 million as a result of this year's operations. Net position of governmental activities decreased by approximately \$20.3 million and net position of business-type activities increased by approximately \$2.4 million compared to the prior year balances.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending *fund balances* of \$15.5 million, a decrease of \$2.5 million in comparison with the prior year ending fund balance of \$18.0 million. Approximately \$8.3 million (53.7%) of the governmental funds total fund balance amount is *unassigned fund balance* in the General Fund.
- The County reevaluated the estimate for accrued closure cost in the Solid Waste enterprise fund related to the County's landfill. The liability in the Solid Waste fund decreased \$2.2 million. Because this transaction was significant in amount and unusual in nature, it has been reported as a special item (see Note 19).

COUNTY OF MUSKEGON, MICHIGAN

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) Government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary and statistical information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, legislative, judicial, public safety, health, welfare, cultural, recreation, and interest expense. The business-type activities of the County include Brookhaven Medical Care, delinquent tax revolving, local government public works financing, solid waste, airport operations, regional water, wastewater, and other enterprise funds.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also the legally separate Muskegon County Road Commission, Drainage Districts and the Muskegon County Land Bank Authority for which the County is financially accountable. Information for these component units are reported separately from the financial information presented for the primary government itself.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

COUNTY OF MUSKEGON, MICHIGAN

Management's Discussion and Analysis

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and HealthWest special revenue fund, which are considered *major funds*. Data is combined into a single aggregated presentation for the other governmental funds (*nonmajor governmental funds*). Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements and schedules.

The County adopts an annual appropriated budget for its general fund and special revenue funds as required by state law. Budgetary comparison statements or schedules have been provided for these funds to demonstrate compliance with this budget.

Proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its Brookhaven Medical Care, delinquent tax revolving, local government public works financing, solid waste, airport operations, wastewater, as well as other enterprise operations. Internal service funds are accounting devices used to accumulate and allocate costs internally among the County's various functions. The County utilizes *internal service funds* to account for its office services, south campus facilities management, sheriff garage, energy improvements, equipment revolving, and insurance. Because these services primarily benefit the County's governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Brookhaven Medical Care, delinquent tax revolving, local government public works financing, solid waste, airport operations, and wastewater funds, which are considered to be major funds of the County. Conversely, nonmajor enterprise funds and internal service funds are combined into single, aggregate presentations in the proprietary fund financial statements.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

COUNTY OF MUSKEGON, MICHIGAN

Management's Discussion and Analysis

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This is limited to this discussion and analysis, required pension and Other Postemployment Benefit (OPEB) information. Supplemental information follows the required pension and OPEB information and includes combining and individual fund statements and schedules.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position. As noted earlier, net position may serve over time as a useful indicator of the County's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities by \$84.5 million at the close of the most recent fiscal year. The following chart illustrates the composition of net position at September 30.

	NET POSITION (in millions)					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
ASSETS						
Current and other assets	\$ 37.3	\$ 39.2	\$ 97.3	\$ 93.9	\$ 134.6	\$ 133.1
Capital assets, net	90.4	99.2	163.7	168.7	254.1	267.9
Total assets	<u>127.7</u>	<u>138.4</u>	<u>261.0</u>	<u>262.6</u>	<u>388.7</u>	<u>401.0</u>
DEFERRED OUTFLOWS OF RESOURCES	23.7	5.7	6.2	1.7	29.9	7.4
LIABILITIES						
Long-term liabilities	68.3	70.5	126.3	135.3	194.6	205.8
Other liabilities	112.6	82.8	26.9	18.5	139.5	101.3
Total liabilities	<u>180.9</u>	<u>153.3</u>	<u>153.2</u>	<u>153.8</u>	<u>334.1</u>	<u>307.1</u>
NET POSITION						
Net investment in capital assets	28.8	38.2	94.3	94.7	123.1	132.9
Restricted	2.9	2.6	-	-	2.9	2.6
Unrestricted (deficit)	(61.2)	(50.0)	19.7	15.8	(41.5)	(34.2)
Total net position	<u>\$ (29.5)</u>	<u>\$ (9.2)</u>	<u>\$ 114.0</u>	<u>\$ 110.5</u>	<u>\$ 84.5</u>	<u>\$ 101.3</u>

By far the largest portion of the County's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance is a deficit unrestricted net position amount of \$41.5 million.

COUNTY OF MUSKEGON, MICHIGAN

Management's Discussion and Analysis

Statement of Activities. The County's total revenue for the fiscal year ended September 30, 2016, was approximately \$173.4 million while total cost of all programs and services was \$193.6 million. These results of operations, net of the special item, results in a decrease in net position of \$17.9 million. The following table presents a summary of the changes in net position for the years ended September 30:

	CHANGES IN NET POSITION (in millions)					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
REVENUES						
Program revenues:						
Charges for services	\$ 67.3	\$ 66.6	\$ 43.7	\$ 41.8	\$ 111.0	\$ 108.4
Operating grants	21.7	26.5	4.8	4.7	26.5	31.2
Capital grants	0.6	0.9	1.2	4.3	1.8	5.2
General revenues:						
Property taxes	25.2	25.7	-	-	25.2	25.7
Other taxes	2.0	2.6	-	-	2.0	2.6
State shared revenue	3.6	3.6	-	-	3.6	3.6
Other	3.3	3.9	-	-	3.3	3.9
Total revenues	<u>123.7</u>	<u>129.8</u>	<u>49.7</u>	<u>50.8</u>	<u>173.4</u>	<u>180.6</u>
PROGRAM EXPENSES						
General government	32.7	30.6	-	-	32.7	30.6
Legislative	0.4	0.3	-	-	0.4	0.3
Judicial	9.8	8.5	-	-	9.8	8.5
Public safety	18.6	16.5	-	-	18.6	16.5
Health	78.3	78.2	-	-	78.3	78.2
Welfare	1.9	6.4	-	-	1.9	6.4
Cultural	0.2	0.3	-	-	0.2	0.3
Recreation	0.9	0.9	-	-	0.9	0.9
Interest	3.0	3.1	-	-	3.0	3.1
Brookhaven	-	-	13.4	13.8	13.4	13.8
Delinquent tax revolving	-	-	0.9	0.9	0.9	0.9
Local govt public works financing	-	-	0.9	1.3	0.9	1.3
Solid waste	-	-	2.7	6.0	2.7	6.0
Airport operations	-	-	2.7	2.8	2.7	2.8
Regional water	-	-	3.6	3.5	3.6	3.5
Wastewater	-	-	17.2	16.5	17.2	16.5
Other enterprise funds	-	-	6.4	5.7	6.4	5.7
Total program expenses	<u>145.8</u>	<u>144.8</u>	<u>47.8</u>	<u>50.5</u>	<u>193.6</u>	<u>195.3</u>
Excess (deficiency) before transfers and special item	(22.1)	(15.0)	1.9	0.3	(20.2)	(14.7)
Transfers	1.8	1.6	(1.8)	(1.6)	-	-
Special item (note 19)	-	-	2.3	-	2.3	-
Increase (decrease) in net position	<u>(20.3)</u>	<u>(13.4)</u>	<u>2.4</u>	<u>(1.3)</u>	<u>(17.9)</u>	<u>(14.7)</u>
Net position-beginning, as previously reported	(9.2)	4.2	110.5	111.8	101.3	116.0
Restatement (note 20)	-	-	1.1	-	1.1	-
Net position, beginning of year, restated	<u>(9.2)</u>	<u>4.2</u>	<u>111.6</u>	<u>111.8</u>	<u>102.4</u>	<u>116.0</u>
Net position, end of year	<u>\$ (29.5)</u>	<u>\$ (9.2)</u>	<u>\$ 114.0</u>	<u>\$ 110.5</u>	<u>\$ 84.5</u>	<u>\$ 101.3</u>

COUNTY OF MUSKEGON, MICHIGAN

Management's Discussion and Analysis

The County's net position decreased by \$17.9 million during the current fiscal year and \$14.7 million in the prior fiscal year. See Note 20 in the notes to the financial statements for details regarding the above restatement of beginning net position.

Governmental Activities. The preceding table shows that the governmental activities operations decreased the County's net position by approximately \$20.3 million during this fiscal year. The decrease is primarily the result of (a) pension expense of \$13.7 million and (b) \$8.0 million in depreciation expense accelerated into the current year for certain assets determined to have no future useful life that had been originally estimated to last 29 more years.

Business-type Activities. Business-type activities increased the County's net position by approximately \$2.4 million during the year. The Solid Waste fund's reevaluation of the estimate for accrued landfill closure and postclosure care costs, which resulted in a \$2.3 million decrease in the estimated liability, was a significant factor in the increase in business-type activities net position for the year (see Note 19).

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of approximately \$15.5 million, a decrease of \$2.5 million from the prior year. Although the General Fund and HealthWest fund reported increases in fund balance totaling \$1.5 million, the net decrease resulted primarily because of the following items that reduced governmental funds total fund balance: (a) the planned use of the Jail & Juvenile Transition Center (JTC) project's remaining debt service reserve for the year's \$1.8 million in bond interest payments and \$1.0 million expended from the Jail/JTC capital project fund as the project neared completion, along with (b) \$0.7 million of spending from the governmental funds portion of the remaining 2015 Capital Improvement Bonds proceeds.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$8.3 million while total fund balance amounted to \$10.4 million. The general fund's total fund balance increased from the prior year by \$0.8 million. At September 30, 2016, general fund *unassigned fund balance* approximated 17.1% of reported general fund expenditures plus transfers out for the year then ended, which compares with approximately 16.5% at the end of the prior year.

The HealthWest special revenue fund had a current year increase in fund balance amounting to \$0.7 million, resulting in ending fund balance of \$1.1 million. Additional details can be located in its separately issued financial statements of the HealthWest fund, formerly known as Community Mental Health Services of Muskegon County.

Effective October 1, 2015 the State of Michigan regionalized the administration of Michigan Works! employment and training programs previously administered for the local area by the County Department of Employment and Training (DET). Effective the first day of fiscal 2016 County employment decreased by the 47 former DET employees as the Area Community Services Employment & Training Council (ACSET) assumed the local responsibilities. DET governmental funds revenues for the prior fiscal year 2015 had been \$5.8 million, which included \$5.0 million in federal grant awards.

COUNTY OF MUSKEGON, MICHIGAN

Management's Discussion and Analysis

Proprietary Funds. The County’s proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

The Muskegon County enterprise funds provide service to most residents and businesses of the County and reported an increase in net position of \$2.4 million. The local government public works financing fund operates on a breakeven basis. The composition of the net position of the County's enterprise funds as September 30, 2016, is shown in the below table.

Enterprise Funds Net Position (dollars in 000s)	Net Investment in Capital Assets	Unrest- ricted Net Position	Total Net Position
Brookhaven Medical Care Facility	\$ 898	\$ (6,003)	\$ (5,105)
Delinquent tax revolving	-	4,176	4,176
Local government public works	-	585	585
Solid waste	4,315	2,300	6,615
Airport	29,006	(172)	28,834
Wastewater	47,978	16,274	64,252
Nonmajor enterprise funds	12,072	2,555	14,627
Total net position	<u>\$ 94,269</u>	<u>\$ 19,715</u>	<u>\$ 113,984</u>

Information regarding funds with deficit unrestricted net position balances can be found in Note 3 of this report.

General Fund Budgetary Highlights. Several budget amendments were made during the year although total revenues and total expenditures were consistent from the original to the final amended budget. Significant amendments included:

- Property tax revenues were amended downward \$0.186 million from the original budget due to taxable values decreasing by 1.64% as opposed to the 1% increase that was assumed in the original budget. The decrease was due to Personal Property Tax Reform which resulted in significant personal property exemptions for many manufacturing companies.
- State grants and contributions were amended upward in the final amended budget by \$0.496 million to reflect the estimated Personal Property Tax Reimbursement from the state based on the losses incurred from personal property exemptions. This revenue was not included as part of the original budget.
- Local grants and contributions were amended downward by \$1.009 million due to a reduction in activity in the DTE Test & Tune-Up program. This was offset by a corresponding reduction in general government program expenditures for providing testing and either repair or replacement of natural gas furnaces at little-to-no cost to income-eligible homeowners.
- Public safety expenditures were decreased by \$0.565 million primarily due to contractual services in the jail for food and medical services being less than anticipated due to a lower jail population than originally budgeted.
- Transfers out to the Child Care fund were increased by \$0.377 million primarily due to higher than anticipated expenditures in the Foster Child Care program.
- Transfers out to Public Health fund were decreased by \$0.16 million as the result of reductions in wages and fringe benefits from staff attrition as well as payments made to MSU Extension qualifying as local match thereby reducing the amount of general fund appropriation required.

COUNTY OF MUSKEGON, MICHIGAN

Management's Discussion and Analysis

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The County's investment in capital assets for its governmental and business-type activities as of September 30 were as follows:

	CAPITAL ASSETS (in millions)					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 4.8	\$ 4.5	\$ 20.2	\$ 20.3	\$ 25.0	\$ 24.8
Construction in progress	0.7	32.8	4.2	2.2	4.9	35.0
	5.5	37.3	24.4	22.5	29.9	59.8
Depreciable capital assets	128.4	118.5	284.2	282.2	412.6	400.7
Accumulated depreciation	(43.5)	(56.6)	(144.9)	(136.0)	(188.4)	(192.6)
Total capital assets, net	\$ 90.4	\$ 99.2	\$ 163.7	\$ 168.7	\$ 254.1	\$ 267.9

As of September 30, 2016, net capital assets used in the primary government's governmental and business-type activities decreased by \$13.8 million, or 5.2%, over the prior year. This year-to-year change represents about \$11.3 million in capital additions less the \$2.2 million carrying value of disposals and \$22.9 million in depreciation expense.

Additional information on the County's capital assets can be found in Note 9 of this report.

Long-Term Debt. At the end of the current fiscal year, the County had total long-term debt, including compensated absences liabilities as follows:

	OUTSTANDING DEBT (in millions)					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Bonds	\$ 60.9	\$ 63.3	\$ 91.7	\$ 97.4	\$ 152.6	\$ 160.7
Delinquent tax notes	-	-	16.0	16.0	16.0	16.0
Other debt	0.7	0.4	-	-	0.7	0.4
Total installment debt	61.6	63.7	107.7	113.4	169.3	177.1
Deferred premium	0.2	0.2	2.6	3.2	2.8	3.4
Closure and sludge cost	-	-	14.7	17.3	14.7	17.3
Compensated absences	6.5	6.6	1.3	1.4	7.8	8.0
Totals	\$ 68.3	\$ 70.5	\$ 126.3	\$ 135.3	\$ 194.6	\$ 205.8

State statutes limit the amount of general obligation debt a local government may incur to 10 percent of its total assessed property valuation. The current debt limitation for the County is approximately \$492.9 million, which is significantly in excess of the County's approximately \$172.0 million of outstanding general obligation debt.

Additional information on the County long-term debt can be found in Note 10.

COUNTY OF MUSKEGON, MICHIGAN

Management's Discussion and Analysis

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following table shows a summary of the County General Fund changes in fund balance for the last two fiscal years along with a summary of the original fiscal 2017 balanced budget.

	General Fund Changes in Fund Balance Fiscal 2015 & 2016 with 2017 Budget (dollars in thousands)		
	2017 Budget	2016	2015
Revenues	\$ 48,982	\$ 46,639	\$ 45,733
Expenditures			
General government	20,051	17,648	17,871
Legislative	390	374	345
Judicial	8,633	8,236	7,998
Public safety	14,290	13,313	13,036
Cultural	-	169	211
Total expenditures	43,364	39,740	39,461
Revenues over/(under) expenditures	5,618	6,899	6,272
Other financing sources/(uses)			
Transfers in	3,984	2,617	2,300
Transfers out	(10,229)	(8,737)	(8,705)
Other	-	6	1
Total other financing sources/(uses)	(6,245)	(6,114)	(6,404)
Changes in fund balance	(627)	785	(132)
Fund balance, beginning	10,358	9,573	9,705
Fund balance, ending	\$ 9,731	\$ 10,358	\$ 9,573

The following economic factors were considered in preparing the County's budget for the 2017 fiscal year:

- Following two consecutive years of property value increases of 0.64% in 2014 and 1.38% in 2015, 2016 experienced a decline of 1.64% as a result of the Personal Property Tax Reform. For 2017, General Fund property tax revenues were budgeted assuming a 2% increase based on projected inflationary increases, new housing construction, home sales and business expansions.
- State revenue sharing is budgeted to increase by 1% to \$3.636 million based on the state budget allocation.
- Revenues from the administrative cost allocation prepared by an outside consultant are anticipated to increase by \$230,000.
- A 10% increase in medical insurance costs has been incorporated into the budget resulting in an increase in General Fund expenditures of \$480,000. Increases in retirement costs and medical insurance for retirees were also budgeted resulting in an increase in expenditures of \$336,000 and \$139,000 respectively.
- A transfer of \$3.470 million from the Delinquent Tax Funds is budgeted for 2017 which includes \$1.520 million more than the typical annual transfer.

COUNTY OF MUSKEGON, MICHIGAN

Management's Discussion and Analysis

- A General Fund appropriation to the Jail/JTC Debt Service fund for \$1.667 million was included in the budget to cover fiscal year 2017's interest payments on this bond issue. Previous interest-only payments during the construction period had been covered by money set aside out of the initial bond proceeds.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance / Assistant County Administrator, Muskegon County, 990 Terrace St, Muskegon, MI 49442.

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BASIC FINANCIAL STATEMENTS

COUNTY OF MUSKEGON, MICHIGAN

Statement of Net Position

September 30, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 10,405,929	\$ 50,530,159	\$ 60,936,088	\$ 7,429,749
Receivables, net	22,948,842	45,953,611	68,902,453	4,560,577
Internal balances	1,887,424	(1,887,424)	-	-
Other assets	2,057,548	123,431	2,180,979	2,648,391
Restricted assets	-	2,354,300	2,354,300	-
Advances to component units	21,500	225,000	246,500	-
Capital assets not being depreciated	5,485,913	24,357,827	29,843,740	27,092,822
Capital assets being depreciated, net	84,972,987	139,316,472	224,289,459	46,179,589
Total assets	<u>127,780,143</u>	<u>260,973,376</u>	<u>388,753,519</u>	<u>87,911,128</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on bond refunding	92,400	434,176	526,576	-
Deferred pension amounts	23,619,837	5,743,402	29,363,239	3,625,611
Total deferred outflows of resources	<u>23,712,237</u>	<u>6,177,578</u>	<u>29,889,815</u>	<u>3,625,611</u>
LIABILITIES				
Payables	11,512,546	3,369,023	14,881,569	657,022
Accrued liabilities	5,332,294	1,822,820	7,155,114	656,668
Advances from primary government	-	-	-	246,500
Unearned revenue	218,045	13,242	231,287	436,895
Long-term liabilities:				
Due within one year	2,599,239	18,721,909	21,321,148	1,155,000
Due in more than one year	65,716,737	107,614,285	173,331,022	919,037
Net pension liability	86,638,991	18,630,859	105,269,850	8,775,594
Net other postemployment benefit obligation	8,928,193	2,995,076	11,923,269	-
Total liabilities	<u>180,946,045</u>	<u>153,167,214</u>	<u>334,113,259</u>	<u>12,846,716</u>
NET POSITION				
Net investment in capital assets	28,840,754	94,269,229	123,109,983	71,569,411
Restricted for:				
Grant programs and other activities	2,865,730	-	2,865,730	-
Nonexpendable endowments	36,812	-	36,812	-
Unrestricted (deficit)	(61,196,961)	19,714,511	(41,482,450)	7,120,612
Total net position	<u>\$ (29,453,665)</u>	<u>\$ 113,983,740</u>	<u>\$ 84,530,075</u>	<u>\$ 78,690,023</u>

The accompanying notes are an integral part of these basic financial statements.

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COUNTY OF MUSKEGON, MICHIGAN

Statement of Activities
For the Year Ended September 30, 2016

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 32,686,014	\$ 6,208,259	\$ 5,370,286	\$ 401,754
Legislative	433,997	-	-	-
Judicial	9,783,885	2,763,892	431,871	-
Public safety	18,641,221	1,699,599	1,285,866	153,034
Health	78,340,600	55,296,249	11,524,617	-
Welfare	1,943,223	-	2,913,849	-
Cultural	236,739	-	61,920	-
Recreation	942,235	838,556	150,800	-
Interest	2,983,678	502,802	-	-
Total governmental activities	<u>145,991,592</u>	<u>67,309,357</u>	<u>21,739,209</u>	<u>554,788</u>
Business-type activities:				
Brookhaven Medical Care	13,413,104	11,810,100	94	-
Delinquent Tax Revolving	870,236	3,235,057	66,155	-
Local government public works financing	934,720	1,028,538	4,286	-
Solid waste	2,674,851	3,333,749	100,116	-
Airport operations	2,689,924	1,006,068	19,224	1,025,163
Regional water	3,591,795	3,528,379	80,106	-
Wastewater	17,152,111	19,088,194	229,362	-
Other enterprise funds	6,358,050	610,128	4,234,242	112,692
Total business-type activities	<u>47,684,791</u>	<u>43,640,213</u>	<u>4,733,585</u>	<u>1,137,855</u>
Total primary government	<u>\$ 193,676,383</u>	<u>\$ 110,949,570</u>	<u>\$ 26,472,794</u>	<u>\$ 1,692,643</u>
Component units				
Road Commission	\$ 15,668,260	\$ 2,627,091	\$ 10,166,351	\$ 4,464,263
Drainage Districts	1,045,271	240,011	32,500	-
Land Bank Authority	415,208	368,891	-	-
Total component units	<u>\$ 17,128,739</u>	<u>\$ 3,235,993</u>	<u>\$ 10,198,851</u>	<u>\$ 4,464,263</u>

Net (expense) revenue

General revenues:

Taxes:

 Property taxes

 Liquor control taxes

 Lodging excise taxes

State shared revenue, not restricted to a specific program

Unrestricted investment earnings

Other revenue

Transfers - internal activities

Special item (Note 19)

Total general revenues, transfers and special item

Change in net position

Net position, beginning of year, restated

Net position, end of year

The accompanying notes are an integral part of these basic financial statements.

Net (Expense) Revenue and Change in Net Position			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
\$ (20,705,715)	\$ -	\$ (20,705,715)	\$ -
(433,997)	-	(433,997)	-
(6,588,122)	-	(6,588,122)	-
(15,502,722)	-	(15,502,722)	-
(11,519,734)	-	(11,519,734)	-
970,626	-	970,626	-
(174,819)	-	(174,819)	-
47,121	-	47,121	-
(2,480,876)	-	(2,480,876)	-
<u>(56,388,238)</u>	<u>-</u>	<u>(56,388,238)</u>	<u>-</u>
-	(1,602,910)	(1,602,910)	-
-	2,430,976	2,430,976	-
-	98,104	98,104	-
-	759,014	759,014	-
-	(639,469)	(639,469)	-
-	16,690	16,690	-
-	2,165,445	2,165,445	-
-	(1,400,988)	(1,400,988)	-
-	<u>1,826,862</u>	<u>1,826,862</u>	<u>-</u>
<u>(56,388,238)</u>	<u>1,826,862</u>	<u>(54,561,376)</u>	<u>-</u>
-	-	-	1,589,445
-	-	-	(772,760)
-	-	-	(46,317)
-	-	-	<u>770,368</u>
<u>(56,388,238)</u>	<u>1,826,862</u>	<u>(54,561,376)</u>	<u>770,368</u>
25,241,494	-	25,241,494	-
784,030	-	784,030	-
1,207,817	-	1,207,817	-
3,601,099	-	3,601,099	-
742,546	-	742,546	65,531
2,861,923	-	2,861,923	275,866
1,764,788	(1,764,788)	-	-
-	2,277,075	2,277,075	-
<u>36,203,697</u>	<u>512,287</u>	<u>36,715,984</u>	<u>341,397</u>
(20,184,541)	2,339,149	(17,845,392)	1,111,765
(9,269,124)	111,644,591	102,375,467	77,578,258
<u>\$ (29,453,665)</u>	<u>\$ 113,983,740</u>	<u>\$ 84,530,075</u>	<u>\$ 78,690,023</u>

COUNTY OF MUSKEGON, MICHIGAN

Balance Sheet

Governmental Funds

September 30, 2016

	General Fund (1010)	HealthWest (2220)	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 3,069,570	\$ -	\$ 3,539,043	\$ 6,608,613
Receivables, net:				
Accounts	312,310	759,579	227,350	1,299,239
Due from other governments	3,181,755	9,210,756	3,101,867	15,494,378
Property taxes	4,310,063	-	-	4,310,063
Long-term notes	12,500	-	825,000	837,500
Prepaid and other items	29,649	94,509	48,337	172,495
Inventories	-	-	8,856	8,856
Advances to other funds	1,256,619	-	-	1,256,619
Advances to component units	21,500	-	-	21,500
Total assets	\$ 12,193,966	\$ 10,064,844	\$ 7,750,453	\$ 30,009,263
LIABILITIES AND FUND BALANCES				
Liabilities:				
Negative equity in pooled cash	\$ -	\$ 347,666	\$ 1,399,451	\$ 1,747,117
Payables:				
Accounts payable	594,025	4,348,221	1,644,041	6,586,287
Due to other governments	199,590	4,248,596	118,474	4,566,660
Accrued liabilities	1,041,534	-	388,026	1,429,560
Unearned revenue	620	50,846	144,437	195,903
Total liabilities	1,835,769	8,995,329	3,694,429	14,525,527
Fund balances:				
Nonspendable	1,320,268	94,509	894,005	2,308,782
Restricted	100,673	975,006	1,885,955	2,961,634
Committed	-	-	986,278	986,278
Assigned	627,626	-	291,474	919,100
Unassigned (deficit)	8,309,630	-	(1,688)	8,307,942
Total fund balances	10,358,197	1,069,515	4,056,024	15,483,736
Total liabilities and fund balances	\$ 12,193,966	\$ 10,064,844	\$ 7,750,453	\$ 30,009,263

The accompanying notes are an integral part of these basic financial statements.

COUNTY OF MUSKEGON, MICHIGAN

Reconciliation

Fund Balances for Governmental Funds
to Net Position of Governmental Activities
September 30, 2016

Fund balances - total governmental funds \$ 15,483,736

Amounts reported for *governmental activities* in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources, and therefore are not reported in the fund statements.

Capital assets not being depreciated	4,940,998
Capital assets being depreciated, net	68,336,163

Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities.

Net position of governmental activities accounted for in internal service funds	9,041,406
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Certain pension-related amounts, such as the net pension liability and deferred amounts, are not due and payable in the current period or do not represent current financial resources, and therefore are not reported in the funds.

Net pension liability	(86,638,991)
Deferred outflows related to the net pension liability	23,619,837

Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.

Bonds and capital leases payable, and related premium	(47,911,359)
Unamortized deferred loss on bond refunding	92,400
Compensated absences	(6,394,224)
Accrued interest on long-term debt	(1,095,438)
Net other postemployment benefit obligation	(8,928,193)

Net position of governmental activities	<u>\$ (29,453,665)</u>
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The accompanying notes are an integral part of these basic financial statements.

COUNTY OF MUSKEGON, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended September 30, 2016

	General Fund (1010)	HealthWest (2220)	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 24,725,681	\$ -	\$ 2,527,560	\$ 27,253,241
Licenses and permits	27,836	-	-	27,836
Grants and contributions:				
Federal	2,900,166	1,204,958	3,023,740	7,128,864
State	6,362,504	2,044,601	8,092,948	16,500,053
Local	1,329,160	310,141	346,339	1,985,640
Charges for services	9,219,672	54,377,595	2,631,268	66,228,535
Fines and forfeitures	528,627	-	-	528,627
Investment income	119,422	-	34,504	153,926
Rentals	125,993	-	885,703	1,011,696
Other	1,299,725	450,212	483,534	2,233,471
Total revenues	<u>46,638,786</u>	<u>58,387,507</u>	<u>18,025,596</u>	<u>123,051,889</u>
EXPENDITURES				
Current:				
General government	17,647,679	-	2,442,342	20,090,021
Legislative	373,804	-	-	373,804
Judicial	8,236,440	-	379,096	8,615,536
Public safety	13,313,144	-	1,959,670	15,272,814
Health	-	59,137,878	15,061,572	74,199,450
Welfare	-	-	1,933,621	1,933,621
Cultural	168,916	-	67,804	236,720
Recreation	-	-	632,316	632,316
Debt service:				
Principal	-	-	1,840,000	1,840,000
Interest and fiscal charges	-	-	2,329,712	2,329,712
Capital outlay	-	-	3,187,853	3,187,853
Total expenditures	<u>39,739,983</u>	<u>59,137,878</u>	<u>29,833,986</u>	<u>128,711,847</u>
Revenues over (under) expenditures	<u>6,898,803</u>	<u>(750,371)</u>	<u>(11,808,390)</u>	<u>(5,659,958)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,617,250	1,486,935	7,959,213	12,063,398
Transfers out	(8,736,692)	-	(188,825)	(8,925,517)
Proceeds from sale of capital assets	6,025	-	-	6,025
Total other financing sources (uses)	<u>(6,113,417)</u>	<u>1,486,935</u>	<u>7,770,388</u>	<u>3,143,906</u>
Net change in fund balances	785,386	736,564	(4,038,002)	(2,516,052)
Fund balances, beginning of year	9,572,811	332,951	8,094,026	17,999,788
Fund balances, end of year	<u>\$ 10,358,197</u>	<u>\$ 1,069,515</u>	<u>\$ 4,056,024</u>	<u>\$ 15,483,736</u>

The accompanying notes are an integral part of these basic financial statements.

COUNTY OF MUSKEGON, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended September 30, 2016

Net change in fund balances - total governmental funds \$ (2,516,052)

Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	3,671,215
Depreciation expense	(11,328,392)
Proceeds on the sale of capital assets	(6,025)
Loss on sale of capital assets	(72,614)

Debt proceeds provide current financial resources to governmental funds in the period issued, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal payments on long-term liabilities	1,840,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in accrued interest payable on long-term debt	11,725
Amortization of deferred loss on refunding	(15,400)
Amortization of bond premiums	4,245
Change in the accrual for compensated absences	(1,817)
Change in the retirement incentive	166,430
Change in net pension liability and related deferred amounts	(8,614,233)
Change in net other postemployment benefit obligation	(3,341,274)

An internal service fund is used by management to charge the costs of certain services to individual governmental funds. The net revenue (expense) attributable to those funds is reported with governmental activities.

Interest income from internal service funds	588,620
Interest expense and bond issuance cost from internal service funds	(654,536)
Gain on sale of capital assets from internal service funds	27,542
Operating income from governmental activities in internal service funds	1,027,364
Capital contributions to internal service funds	401,754
Net transfers from internal service funds	(1,373,093)

Change in net position of governmental activities \$ (20,184,541)

The accompanying notes are an integral part of these basic financial statements.

COUNTY OF MUSKEGON, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual - GENERAL FUND
 For the Year Ended September 30, 2016

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
REVENUES				
Taxes	\$ 24,908,751	\$ 24,766,677	\$ 24,725,681	\$ (40,996)
Licenses and permits	20,000	20,100	27,836	7,736
Grants and contributions:				
Federal	3,211,071	3,303,608	2,900,166	(403,442)
State	5,258,788	5,818,469	6,362,504	544,035
Local	1,821,056	811,668	1,329,160	517,492
Charges for services	9,154,469	8,678,641	9,219,672	541,031
Fines and forfeitures	553,500	567,436	528,627	(38,809)
Investment income	174,370	104,220	119,422	15,202
Rentals	174,786	135,601	125,993	(9,608)
Other	1,005,892	1,047,005	1,299,725	252,720
Total revenues	<u>46,282,683</u>	<u>45,253,425</u>	<u>46,638,786</u>	<u>1,385,361</u>
EXPENDITURES				
Current:				
General government	17,252,415	17,549,504	17,647,679	98,175
Legislative	375,892	382,110	373,804	(8,306)
Judicial	8,348,201	8,449,363	8,236,440	(212,923)
Public safety	14,133,684	13,568,403	13,313,144	(255,259)
Cultural	197,355	168,081	168,916	835
Total expenditures	<u>40,307,547</u>	<u>40,117,461</u>	<u>39,739,983</u>	<u>(377,478)</u>
Revenues over expenditures	<u>5,975,136</u>	<u>5,135,964</u>	<u>6,898,803</u>	<u>1,762,839</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:				
Delinquent tax fund	2,720,779	2,637,158	2,600,000	(37,158)
Other funds	-	-	17,250	17,250
Total transfers in	<u>2,720,779</u>	<u>2,637,158</u>	<u>2,617,250</u>	<u>(19,908)</u>
Transfers out:				
Child care fund	(4,323,995)	(4,700,633)	(4,155,318)	(545,315)
Public health fund	(1,613,717)	(1,453,700)	(1,456,783)	3,083
Other funds	(2,758,203)	(2,777,330)	(3,124,591)	347,261
Total transfers out	<u>(8,695,915)</u>	<u>(8,931,663)</u>	<u>(8,736,692)</u>	<u>(194,971)</u>
Proceeds from sale of capital assets	-	19,250	6,025	(13,225)
Total other financing sources (uses)	<u>(5,975,136)</u>	<u>(6,275,255)</u>	<u>(6,113,417)</u>	<u>(161,838)</u>
Net change in fund balances	-	(1,139,291)	785,386	1,924,677
Fund balances, beginning of year	9,572,811	9,572,811	9,572,811	-
Fund balances, end of year	<u>\$ 9,572,811</u>	<u>\$ 8,433,520</u>	<u>\$ 10,358,197</u>	<u>\$ 1,924,677</u>

The accompanying notes are an integral part of these basic financial statements.

COUNTY OF MUSKEGON, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - HEALTHWEST SPECIAL REVENUE FUND For the Year Ended September 30, 2016

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
REVENUES				
Grants and contributions:				
Federal	\$ 1,621,958	\$ 1,663,201	\$ 1,204,958	\$ (458,243)
State	2,024,241	2,022,919	2,044,601	21,682
Local	297,412	307,600	310,141	2,541
Charges for services:				
Medicaid fee for service and capitation	51,568,919	53,240,624	52,058,447	(1,182,177)
Other insurance	2,382,200	2,323,700	2,319,148	(4,552)
Other	588,487	369,000	450,212	81,212
Total revenues	<u>58,483,217</u>	<u>59,927,044</u>	<u>58,387,507</u>	<u>(1,539,537)</u>
EXPENDITURES				
Current - Health	<u>59,222,552</u>	<u>60,663,979</u>	<u>59,137,878</u>	<u>(1,526,101)</u>
Revenues under expenditures	(739,335)	(736,935)	(750,371)	(13,436)
OTHER FINANCING SOURCES				
Transfers in - General Fund	<u>736,935</u>	<u>736,935</u>	<u>1,486,935</u>	<u>750,000</u>
Net change in fund balances	(2,400)	-	736,564	736,564
Fund balances, beginning of year	<u>332,951</u>	<u>332,951</u>	<u>332,951</u>	<u>-</u>
Fund balances, end of year	<u>\$ 330,551</u>	<u>\$ 332,951</u>	<u>\$ 1,069,515</u>	<u>\$ 736,564</u>

The accompanying notes are an integral part of these basic financial statements.

COUNTY OF MUSKEGON, MICHIGAN

Statement of Net Position

Proprietary Funds

September 30, 2016

	Business-type Activities - Enterprise Funds			
	Brookhaven Medical Care Facility (5120)	Delinquent Tax Revolving (5160)	Local Government Public Works Financing (5650)	Solid Waste (5710)
ASSETS				
Current assets:				
Cash and investments	\$ -	\$ 7,227,029	\$ 577,122	\$ 13,632,237
Receivables, net:				
Accounts	1,477,914	611,136	2,299	351,246
Due from other governments	-	-	-	27,327
Accrued interest	-	-	-	-
Taxes	-	12,272,084	-	-
Notes	-	-	-	-
Leases	-	-	1,764,086	-
Special assessments	-	-	-	-
Prepays	-	-	-	-
Inventories	78,791	-	-	485
Total current assets	<u>1,556,705</u>	<u>20,110,249</u>	<u>2,343,507</u>	<u>14,011,295</u>
Noncurrent assets:				
Advances to other funds	-	-	-	69,779
Advances to component units	-	225,000	-	-
Deposits held with others	-	-	-	-
Restricted assets	-	-	-	2,224,780
Notes receivable	-	-	-	-
Leases receivable	-	-	22,992,485	-
Special assessments receivable	-	-	-	-
Capital assets not being depreciated	-	-	-	909,629
Capital assets being depreciated, net	897,936	-	-	3,405,277
Total noncurrent assets	<u>897,936</u>	<u>225,000</u>	<u>22,992,485</u>	<u>6,609,465</u>
Total assets	<u>2,454,641</u>	<u>20,335,249</u>	<u>25,335,992</u>	<u>20,620,760</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on bond refunding	-	-	313,035	-
Deferred pension amounts	1,966,983	-	-	572,635
Total deferred outflows of resources	<u>1,966,983</u>	<u>-</u>	<u>313,035</u>	<u>572,635</u>

Business-type Activities - Enterprise Funds				Governmental Activities
Airport (5810)	Wastewater (5920)	Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 1,453,219	\$ 23,694,546	\$ 5,196,584	\$ 51,780,737	\$ 5,544,433
70,258	545,008	1,055,039	4,112,900	578,084
19,111	1,650,788	1,216,263	2,913,489	20,794
-	-	-	-	208,784
-	-	-	12,272,084	-
-	25,224	6,015	31,239	-
-	-	-	1,764,086	-
-	-	157,450	157,450	-
1,516	-	7	1,523	1,241,955
-	42,632	-	121,908	-
<u>1,544,104</u>	<u>25,958,198</u>	<u>7,631,358</u>	<u>73,155,416</u>	<u>7,594,050</u>
-	-	-	69,779	700,584
-	-	-	225,000	-
-	-	-	-	634,242
-	-	129,520	2,354,300	-
-	962,415	30,411	992,826	200,000
-	-	-	22,992,485	-
-	-	717,052	717,052	-
14,399,830	8,684,615	363,753	24,357,827	544,915
<u>14,606,653</u>	<u>95,441,924</u>	<u>24,964,682</u>	<u>139,316,472</u>	<u>16,636,824</u>
<u>29,006,483</u>	<u>105,088,954</u>	<u>26,205,418</u>	<u>191,025,741</u>	<u>18,716,565</u>
<u>30,550,587</u>	<u>131,047,152</u>	<u>33,836,776</u>	<u>264,181,157</u>	<u>26,310,615</u>
-	-	121,141	434,176	-
267,545	1,818,364	1,117,875	5,743,402	-
<u>267,545</u>	<u>1,818,364</u>	<u>1,239,016</u>	<u>6,177,578</u>	<u>-</u>

continued...

COUNTY OF MUSKEGON, MICHIGAN

Statement of Net Position

Proprietary Funds

September 30, 2016

	Business-type Activities - Enterprise Funds			
	Brookhaven Medical Care Facility (5120)	Delinquent Tax Revolving (5160)	Local Government Public Works Financing (5650)	Solid Waste (5710)
LIABILITIES				
Current liabilities:				
Negative equity in pooled cash	\$ 324,397	\$ -	\$ -	\$ -
Payables:				
Accounts payable	621,646	20,094	1,005	67,293
Due to other governments	370,229	-	-	-
Accrued liabilities	209,891	11,937	-	68,147
Accrued interest	-	63,346	374,058	-
Unearned revenue	-	-	-	-
Current portion of accrued closure cost and sludge removal	-	-	-	190,510
Current portion of compensated absences	30,210	-	-	19,702
Current portion of long-term debt	-	12,063,720	1,398,423	-
Total current liabilities	<u>1,556,373</u>	<u>12,159,097</u>	<u>1,773,486</u>	<u>345,652</u>
Noncurrent liabilities, net of current portion:				
Advances from other funds	1,256,619	-	-	-
Accrued closure cost and sludge removal	-	-	-	11,712,525
Compensated absences	184,196	-	-	120,127
Long-term debt	-	4,000,000	23,290,250	-
Net pension liability	5,096,720	-	-	2,206,332
Net other postemployment benefit obligation	1,433,105	-	-	194,467
Total noncurrent liabilities	<u>7,970,640</u>	<u>4,000,000</u>	<u>23,290,250</u>	<u>14,233,451</u>
Total liabilities	<u>9,527,013</u>	<u>16,159,097</u>	<u>25,063,736</u>	<u>14,579,103</u>
NET POSITION				
Net investment in capital assets	897,936	-	-	4,314,906
Unrestricted (deficit)	(6,003,325)	4,176,152	585,291	2,299,386
Total net position	<u>\$ (5,105,389)</u>	<u>\$ 4,176,152</u>	<u>\$ 585,291</u>	<u>\$ 6,614,292</u>

The accompanying notes are an integral part of these basic financial statements.

Business-type Activities - Enterprise Funds				Governmental Activities
Airport (5810)	Wastewater (5920)	Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ -	\$ -	\$ 926,181	\$ 1,250,578	\$ -
136,846	1,309,474	186,158	2,342,516	265,319
26,099	-	630,179	1,026,507	94,280
26,538	141,697	131,797	590,007	2,545,449
-	581,088	214,321	1,232,813	261,847
13,242	-	-	13,242	22,142
-	-	36,075	226,585	-
12,606	80,633	42,165	185,316	21,380
-	4,230,240	617,625	18,310,008	977,705
<u>215,331</u>	<u>6,343,132</u>	<u>2,784,501</u>	<u>25,177,572</u>	<u>4,188,122</u>
700,584	-	-	1,957,203	69,779
-	2,060,866	742,381	14,515,772	-
76,861	491,640	257,093	1,129,917	130,364
-	51,918,746	12,759,600	91,968,596	12,880,944
890,310	7,089,837	3,347,660	18,630,859	-
100,784	709,640	557,080	2,995,076	-
<u>1,768,539</u>	<u>62,270,729</u>	<u>17,663,814</u>	<u>131,197,423</u>	<u>13,081,087</u>
<u>1,983,870</u>	<u>68,613,861</u>	<u>20,448,315</u>	<u>156,374,995</u>	<u>17,269,209</u>
29,006,483	47,977,553	12,072,351	94,269,229	3,323,090
(172,221)	16,274,102	2,555,126	19,714,511	5,718,316
<u>\$ 28,834,262</u>	<u>\$ 64,251,655</u>	<u>\$ 14,627,477</u>	<u>\$ 113,983,740</u>	<u>\$ 9,041,406</u>

concluded

COUNTY OF MUSKEGON, MICHIGAN

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended September 30, 2016

	Business-type Activities - Enterprise Funds			
	Brookhaven Medical Care Facility (5120)	Delinquent Tax Revolving (5160)	Local Government Public Works Financing (5650)	Solid Waste (5710)
Operating revenues:				
Charges for services	\$ 11,802,075	\$ 933,389	\$ 98,932	\$ 3,310,908
Farm sales	-	-	-	-
Interest and penalties	-	2,297,048	-	-
Rentals	4,001	-	-	250
Lease interest revenue	-	-	927,073	-
Other revenues	4,024	4,620	2,533	22,591
Total operating revenues	<u>11,810,100</u>	<u>3,235,057</u>	<u>1,028,538</u>	<u>3,333,749</u>
Operating expenses:				
Salaries and fringes	6,932,180	315,377	357	1,297,707
Supplies and other operating expenses	6,407,047	423,111	10,715	777,198
Insurance benefits and claims	-	-	-	-
Insurance premiums	-	-	-	-
Depreciation	73,877	-	-	599,946
Total operating expenses	<u>13,413,104</u>	<u>738,488</u>	<u>11,072</u>	<u>2,674,851</u>
Operating income (loss)	<u>(1,603,004)</u>	<u>2,496,569</u>	<u>1,017,466</u>	<u>658,898</u>
Nonoperating revenues (expenses):				
Grants and contributions:				
Federal	-	-	-	-
State	-	-	-	-
Local	-	-	-	-
Interest income	94	66,155	4,286	100,116
Interest expense	-	(103,948)	(923,648)	-
Bond issuance cost	-	(27,800)	-	-
Gain (loss) on sale of capital assets	-	-	-	-
Total nonoperating revenues (expenses)	<u>94</u>	<u>(65,593)</u>	<u>(919,362)</u>	<u>100,116</u>
Income (loss) before capital contributions, transfers and special item	<u>(1,602,910)</u>	<u>2,430,976</u>	<u>98,104</u>	<u>759,014</u>
Capital contributions - federal	-	-	-	-
Capital contributions - state	-	-	-	-
Transfers in	519,000	24,034	-	-
Transfers out	-	(2,810,183)	-	(16,675)
Special item (Note 19)	-	-	-	2,277,075
Change in net position	<u>(1,083,910)</u>	<u>(355,173)</u>	<u>98,104</u>	<u>3,019,414</u>
Net position, beginning of year, restated	<u>(4,021,479)</u>	<u>4,531,325</u>	<u>487,187</u>	<u>3,594,878</u>
Net position, end of year	<u>\$ (5,105,389)</u>	<u>\$ 4,176,152</u>	<u>\$ 585,291</u>	<u>\$ 6,614,292</u>

The accompanying notes are an integral part of these basic financial statements.

Business-type Activities - Enterprise Funds				Governmental Activities
Airport (5810)	Wastewater (5920)	Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 903,970	\$ 16,552,558	\$ 3,612,742	\$ 37,214,574	\$ 18,335,466
-	2,494,786	-	2,494,786	-
-	-	-	2,297,048	-
76,403	-	74,050	154,704	1,444,259
-	-	-	927,073	-
25,695	40,850	451,715	552,028	7,076,229
<u>1,006,068</u>	<u>19,088,194</u>	<u>4,138,507</u>	<u>43,640,213</u>	<u>26,855,954</u>
742,956	4,441,368	4,042,062	17,772,007	1,929,120
745,280	5,173,958	3,683,059	17,220,368	2,048,615
-	-	-	-	266,187
-	-	-	-	19,653,597
<u>1,201,785</u>	<u>6,391,527</u>	<u>1,373,193</u>	<u>9,640,328</u>	<u>1,931,071</u>
<u>2,690,021</u>	<u>16,006,853</u>	<u>9,098,314</u>	<u>44,632,703</u>	<u>25,828,590</u>
<u>(1,683,953)</u>	<u>3,081,341</u>	<u>(4,959,807)</u>	<u>(992,490)</u>	<u>1,027,364</u>
-	-	2,314,086	2,314,086	-
10,335	289,582	1,455,564	1,755,481	-
-	-	167,974	167,974	-
8,889	229,362	87,142	496,044	588,620
-	(1,393,202)	(523,024)	(2,943,822)	(654,536)
-	-	-	(27,800)	-
97	(73,814)	(6,749)	(80,466)	27,542
<u>19,321</u>	<u>(948,072)</u>	<u>3,494,993</u>	<u>1,681,497</u>	<u>(38,374)</u>
(1,664,632)	2,133,269	(1,464,814)	689,007	988,990
996,928	-	87,933	1,084,861	401,754
28,235	-	24,759	52,994	-
520,274	-	-	1,063,308	68,366
-	(1,238)	-	(2,828,096)	(1,441,459)
-	-	-	2,277,075	-
<u>(119,195)</u>	<u>2,132,031</u>	<u>(1,352,122)</u>	<u>2,339,149</u>	<u>17,651</u>
<u>28,953,457</u>	<u>62,119,624</u>	<u>15,979,599</u>	<u>111,644,591</u>	<u>9,023,755</u>
<u>\$ 28,834,262</u>	<u>\$ 64,251,655</u>	<u>\$ 14,627,477</u>	<u>\$ 113,983,740</u>	<u>\$ 9,041,406</u>

concluded

COUNTY OF MUSKEGON, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended September 30, 2016

	Business-type Activities - Enterprise Funds			
	Brookhaven Medical Care Facility (5120)	Delinquent Tax Revolving (5160)	Local Government Public Works Financing (5650)	Solid Waste (5710)
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 11,466,428	\$ 14,965,490	\$ 2,256,708	\$ 3,156,245
Payments to vendors	(5,836,670)	(410,395)	(12,410)	(914,413)
Payments for personnel services	(5,897,275)	(311,872)	(357)	(1,057,782)
Delinquent taxes purchased	-	(12,321,922)	-	-
Net cash provided by (used in) operating activities	(267,517)	1,921,301	2,243,941	1,184,050
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intergovernmental receipts	291,234	-	-	-
Intergovernmental payments	-	(2,786,149)	-	(11,964)
Federal and/or state grants	-	-	-	-
Net cash provided by (used in) noncapital financing activities	291,234	(2,786,149)	-	(11,964)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from issuance of long-term debt	-	12,000,000	-	-
Principal paid on long-term debt	-	(12,000,000)	(1,245,000)	-
Interest paid on long-term debt	-	(452,800)	(1,012,060)	-
Capital contributions received	-	-	-	-
Proceeds from sale of capital assets	-	-	-	34,239
Purchase of capital assets	(97,663)	-	-	(91,726)
Net cash used in capital and related financing activities	(97,663)	(452,800)	(2,257,060)	(57,487)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on investments	94	66,155	4,286	100,116
Net increase (decrease) in cash and investments	(73,852)	(1,251,493)	(8,833)	1,214,715
Cash and investments, beginning of year	73,852	8,478,522	585,955	12,417,522
Cash and investments, end of year	\$ -	\$ 7,227,029	\$ 577,122	\$ 13,632,237

Business-type Activities - Enterprise Funds				Governmental Activities
Airport (5810)	Wastewater (5920)	Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 1,004,136	\$ 19,503,750	\$ 4,567,084	\$ 56,919,841	\$ 26,595,945
(671,157)	(4,824,346)	(4,368,131)	(17,037,522)	(22,496,960)
(645,330)	(3,470,375)	(3,400,028)	(14,783,019)	(2,005,909)
-	-	-	(12,321,922)	-
(312,351)	11,209,029	(3,201,075)	12,777,378	2,093,076
470,274	2,787	-	764,295	50,000
-	-	-	(2,798,113)	(1,381,829)
41,110	289,582	4,280,860	4,611,552	-
511,384	292,369	4,280,860	2,577,734	(1,331,829)
-	-	-	12,000,000	-
-	(3,970,000)	(550,000)	(17,765,000)	(733,005)
-	(1,479,401)	(506,658)	(3,450,919)	(715,594)
-	-	112,692	112,692	401,754
97	1,829,452	-	1,863,788	183,386
(98,486)	(5,153,314)	(57,497)	(5,498,686)	(702,979)
(98,389)	(8,773,263)	(1,001,463)	(12,738,125)	(1,566,438)
8,889	229,362	87,142	496,044	588,620
109,533	2,957,497	165,464	3,113,031	(216,571)
1,343,686	20,737,049	5,031,120	48,667,706	5,761,004
\$ 1,453,219	\$ 23,694,546	\$ 5,196,584	\$ 51,780,737	\$ 5,544,433

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COUNTY OF MUSKEGON, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended September 30, 2016

	Business-type Activities - Enterprise Funds			
	Brookhaven Medical Care Facility (5120)	Delinquent Tax Revolving (5160)	Local Government Public Works Financing (5650)	Solid Waste (5710)
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (1,603,004)	\$ 2,496,569	\$ 1,017,466	\$ 658,898
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	73,877	-	-	599,946
Changes in operating assets and liabilities that provided (used) cash:				
Accounts receivable	(343,672)	(591,126)	(1,099)	(161,709)
Due from other governments	-	-	-	(15,795)
Accrued interest receivable	-	-	-	-
Taxes receivable	-	(363)	-	-
Leases receivable	-	-	1,229,269	-
Special assessments receivable	-	-	-	-
Notes receivable	-	-	-	-
Prepays	-	-	-	-
Inventories	(10,420)	-	-	6,747
Deposits held with others	-	-	-	-
Restricted assets	-	-	-	(168,490)
Negative equity in pooled cash	324,397	-	-	-
Accounts payable	97,267	12,716	(1,695)	24,528
Due to other governments	159,133	-	-	-
Accrued liabilities	37,794	3,505	-	3,526
Unearned revenue	-	-	-	-
Accrued closure cost and sludge removal	-	-	-	-
Accrued compensated absences	15,422	-	-	(52,268)
Net pension liability and deferred pension amounts	501,567	-	-	213,844
Net other postemployment benefit obligation	480,122	-	-	74,823
Net cash provided by (used in) operating activities	<u>\$ (267,517)</u>	<u>\$ 1,921,301</u>	<u>\$ 2,243,941</u>	<u>\$ 1,184,050</u>

Noncash transactions:

The Airport fund received noncash capital contributions of \$1,025,163 for the year ended September 30, 2016.

The Equipment Revolving internal service fund financed the acquisition of capital assets with noncash capital leases of \$443,076 for the year ended September 30, 2016.

The Solid Waste fund had a noncash special item of \$2,277,075 related to the change in estimate of the accrued closure cost, see footnote 19.

The accompanying notes are an integral part of these basic financial statements.

Business-type Activities - Enterprise Funds				Governmental Activities
Airport (5810)	Wastewater (5920)	Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ (1,683,953)	\$ 3,081,341	\$ (4,959,807)	\$ (992,490)	\$ 1,027,364
1,201,785	6,391,527	1,373,193	9,640,328	1,931,071
(794)	(47,825)	527	(1,145,698)	(212,303)
-	264,991	301,200	550,396	(5,746)
-	-	-	-	(43,503)
-	-	-	(363)	-
-	-	-	1,229,269	-
-	-	121,737	121,737	-
-	198,390	5,673	204,063	-
136	-	(7)	129	(92,982)
-	6,873	-	3,200	-
-	-	-	-	152,099
-	-	436	(168,054)	-
-	-	(356,245)	(31,848)	-
73,987	543,088	(419,727)	330,164	(587,678)
-	-	210,020	369,153	(72,716)
6,160	18,691	20,551	90,227	3,453
(1,138)	-	(560)	(1,698)	1,543
-	(200,349)	(119,549)	(319,898)	-
(21,734)	24,163	16,957	(17,460)	(7,526)
78,782	678,435	388,575	1,861,203	-
34,418	249,704	215,951	1,055,018	-
<u>\$ (312,351)</u>	<u>\$ 11,209,029</u>	<u>\$ (3,201,075)</u>	<u>\$ 12,777,378</u>	<u>\$ 2,093,076</u>

concluded

COUNTY OF MUSKEGON, MICHIGAN

Statement of Fiduciary Net Position

Fiduciary Funds
September 30, 2016

	Agency Funds	Private-Purpose Trust Fund	Other Post- Employment Benefits Trust
		Epic Heir Trust (7650)	(7360)
ASSETS			
Cash and investments	\$ 21,525,879	\$ 63,712	\$ -
Funds on deposit with MERS	-	-	48,916,791
Accounts receivable	1,192	-	-
Prepays	-	-	403,210
Total assets	<u>\$ 21,527,071</u>	<u>63,712</u>	<u>49,320,001</u>
LIABILITIES			
Accounts payable	\$ 29,149	-	-
Due to other governments	582,134	-	-
Undistributed current and delinquent taxes	20,203,167	-	-
Trust deposits	233,255	-	-
Unallocated receipts	479,366	-	-
Total liabilities	<u>\$ 21,527,071</u>	<u>-</u>	<u>-</u>
NET POSITION RESTRICTED FOR:			
Epic children		63,712	-
Other postemployment benefits		-	49,320,001
Total net position		<u>\$ 63,712</u>	<u>\$ 49,320,001</u>

The accompanying notes are an integral part of these basic financial statements.

COUNTY OF MUSKEGON, MICHIGAN

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended September 30, 2016

	Private-Purpose Trust Fund	Other Post- employment
	Epic Heir Trust (7650)	Benefits Trust (7360)
ADDITIONS		
Employer contributions	\$ -	\$ 1,675,729
Retiree contributions	-	585,848
Investment earnings	475	4,846,564
Total additions	<u>475</u>	<u>7,108,141</u>
DEDUCTIONS		
Benefit payments	-	4,155,508
Administrative expenses	-	120,920
Total deductions	<u>-</u>	<u>4,276,428</u>
Change in net position	475	2,831,713
Net position, beginning of year	63,237	46,488,288
Net position, end of year	<u>\$ 63,712</u>	<u>\$ 49,320,001</u>

The accompanying notes are an integral part of these basic financial statements.

COUNTY OF MUSKEGON, MICHIGAN

Combining Statement of Net Position

Discretely Presented Component Units

September 30, 2016

	Road Commission	Drainage Districts	Land Bank Authority	Total
ASSETS				
Cash and investments	\$ 6,014,512	\$ 755,988	\$ 659,249	\$ 7,429,749
Receivables:				
Accounts	-	3,072	854,600	857,672
Assessments	-	511,500	-	511,500
Due from other governments	2,044,256	-	-	2,044,256
Property taxes	-	-	3,667	3,667
Other	1,143,482	-	-	1,143,482
Prepays and other assets	132,773	-	-	132,773
Inventories	2,047,362	-	-	2,047,362
Assets held for resale	-	-	468,256	468,256
Capital assets not being depreciated	26,997,575	95,247	-	27,092,822
Capital assets being depreciated, net	42,865,395	3,314,194	-	46,179,589
Total assets	<u>81,245,355</u>	<u>4,680,001</u>	<u>1,985,772</u>	<u>87,911,128</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension amounts	3,625,611	-	-	3,625,611
LIABILITIES				
Accounts payable	441,289	168,647	47,086	657,022
Accrued liabilities	612,359	-	32,480	644,839
Accrued interest	-	11,829	-	11,829
Advances from primary government	-	21,500	225,000	246,500
Unearned revenue	429,789	-	7,106	436,895
Long-term liabilities:				
Due within one year	237,000	918,000	-	1,155,000
Due in more than one year	134,037	785,000	-	919,037
Net pension liability	8,775,594	-	-	8,775,594
Total liabilities	<u>10,630,068</u>	<u>1,904,976</u>	<u>311,672</u>	<u>12,846,716</u>
NET POSITION				
Net investment in capital assets	69,862,970	1,706,441	-	71,569,411
Unrestricted	4,377,928	1,068,584	1,674,100	7,120,612
Total net position	<u>\$ 74,240,898</u>	<u>\$ 2,775,025</u>	<u>\$ 1,674,100</u>	<u>\$ 78,690,023</u>

The accompanying notes are an integral part of these basic financial statements.

COUNTY OF MUSKEGON, MICHIGAN

Combining Statement of Activities Discretely Presented Component Units For the Year Ended September 30, 2016

	Road Commission	Drainage Districts	Land Bank Authority	Total
EXPENSES				
Road Commission	\$ 15,668,260	\$ -	\$ -	\$ 15,668,260
Drainage Districts	-	1,045,271	-	1,045,271
Land Bank Authority	-	-	415,208	415,208
Total expenses	<u>15,668,260</u>	<u>1,045,271</u>	<u>415,208</u>	<u>17,128,739</u>
REVENUES				
Program revenues:				
Charges for services	2,627,091	240,011	368,891	3,235,993
Operating grants and contributions	10,166,351	32,500	-	10,198,851
Capital grants and contributions	4,464,263	-	-	4,464,263
General revenues:				
Unrestricted investment earnings	13,046	1,882	50,603	65,531
Other revenue	-	-	275,866	275,866
Total revenues	<u>17,270,751</u>	<u>274,393</u>	<u>695,360</u>	<u>18,240,504</u>
Change in net position	1,602,491	(770,878)	280,152	1,111,765
Net position, beginning of year	72,638,407	3,545,903	1,393,948	77,578,258
Net position, end of year	<u>\$ 74,240,898</u>	<u>\$ 2,775,025</u>	<u>\$ 1,674,100</u>	<u>\$ 78,690,023</u>

The accompanying notes are an integral part of these basic financial statements.

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NOTES TO FINANCIAL STATEMENTS

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Muskegon, Michigan (the "County") was incorporated on July 18, 1859, and covers an area of approximately 527.34 square miles with the County seat located in the City of Muskegon. The County operates under an elected Board of Commissioners (9 members) and provides services to its 170,000 residents in many areas, including law enforcement, administration of justice, transportation, waste disposal, road maintenance, community enrichment and development and human services.

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

Reporting Entity

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the County is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and as such, data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the government. The discretely presented component units, excluding the Muskegon County Road Commission (the "Road Commission"), utilize the County's central accounting system and are part of the same internal control structures as the primary government.

Blended Component Units

Muskegon County Building Authority - The Muskegon County Building Authority is governed by a board which is appointed by the County Board of Commissioners. Its sole purpose is to construct and lease back buildings to the County. The Authority has no separately-reported financial activity as all costs are borne and reported by the County. A separate report is not prepared for the Building Authority.

Economic Development Corporation - The Economic Development Corporation of Muskegon County (EDC) is a separate legal entity that was established in 1976 pursuant to Michigan Public Act 338 of 1974, in order to stimulate business capital investment, contribute to the area's employment, increase tax base, and provide needed public services. In certain situations, members of the EDC Board of Directors may be removed by a majority decision of the County Board of Commissioners. The EDC is reported as a blended component unit, as it is fiscally dependent on the County, has no taxing authority, and provides services almost exclusively to Muskegon County. A separate report is not prepared for the EDC.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Discretely Presented Component Units

Muskegon County Road Commission - The Muskegon County Road Commission is responsible for maintaining a primary and local road system within County boundaries. The members of the governing board are appointed by the County Board of Commissioners and the County has significant financial responsibility for its operations. The County board also approves all debt issuances. The Road Commission operates outside the County's central accounting system and is responsible for establishing and maintaining its own separate internal control structure. The component unit is audited individually and complete financial statements can be obtained from the Road Commission's administrative office. Accordingly, the County has elected to omit substantially all note disclosures related to the Road Commission in these financial statements.

Drainage Districts - The Drainage Districts consist of individual districts created for alleviating drainage problems. Each drainage district accounts for the construction, maintenance, and financing costs associated with its drain program. Each individual district is a separate legal entity with power to assess the benefiting communities, including the County and the State of Michigan for drainage. The Muskegon County Drain Commissioner manages the drainage districts with the Muskegon County Board of Commissioners exercising legislative oversight. The County is a direct beneficiary of the services provided and its employees run the day-to-day operations. In addition, the County can pledge its full faith and credit for the long-term debt of the drainage districts.

The financial activity of the Drainage Districts is reported discretely as a governmental fund type. There are no separately issued financial statements of this component unit, although financial information for the specific drainage districts may be obtained from the Muskegon County Drain Commissioner.

Muskegon County Land Bank Authority - The Muskegon County Land Bank Authority ("Land Bank") was established in 2007 pursuant to the Michigan Land Bank Fast Track Act (Public Act 258 of 2003, MCL 124.751 to 124.774) and an intergovernmental agreement entered into between the Michigan Land Bank Fast Track Authority and the Muskegon County Treasurer. This agreement established the Land Bank as a separate legal entity and public body corporate to administer and execute Land Bank objectives.

The Land Bank is governed by a seven-member board including the Muskegon County Treasurer who is, by law, its Board Chair and six other members appointed by the Muskegon County Board of Commissioners (the "County Board"). The Land Bank was created to acquire, hold, manage and develop tax-foreclosed properties, as well as other vacant and abandoned properties. The Land Bank is a component unit of the County as the County Board can significantly influence the operations of the Land Bank Board and is able to impose its will as evidenced by the ability to remove board members at will and modify/approve the Land Bank's budget. There are no separately-issued financial statements of this component unit.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain component units for which the primary government is financially accountable.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identified with a specific function or segment. Indirect expenses are charged based upon a County-wide cost allocation plan which allocates costs based upon the number of full time equivalents, number of transactions, and other pertinent information. Program revenues include 1) charges for services to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a specific function or segment and 2) operating grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and 3) other revenues that are by definition related to the cost of providing a specific function or segment. Taxes, fines and other items not specific to particular functions or segments are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis* of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. A ninety day availability period is used for revenue recognition for all governmental fund revenues, except for expenditure-driven grants, which must be collected within one year, and property taxes. As described under "Property Taxes" below, Property taxes for the County are levied and payable within the current fiscal year are fully recognized inasmuch as any uncollected taxes are settled with the Delinquent Tax Revolving Fund not later than March 1 of the following fiscal year. While this schedule exceeds the normal availability period for property taxes of sixty days, management believes that fully recognizing property taxes in the year they are intended to finance better reflects the matching concept of generally accepted accounting principles. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claim and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, special assessments, licenses, interest revenue and charges for services are considered to be susceptible to accrual and have been recognized as revenues in the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the County.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

The County reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except for those accounted for and reported in another fund.

The *HealthWest Special Revenue Fund* accounts for funds earmarked to provide mental health services within County boundaries. Monies are provided by federal, state, and county appropriations, grants, contributions and charges for services. This fund has several separate programs for the mentally impaired and developmentally disabled individuals. Both out-patient and in-patient services for adults and children are provided.

The County reports the following major enterprise funds:

Brookhaven Medical Care Facility accounts for the revenues received from insurance providers, governmental agencies and patients (or other representatives) for the operation of a long-term healthcare facility for the elderly or disabled.

Delinquent Tax Revolving Fund accounts for monies borrowed in anticipation of delinquent taxes being collected. The purpose of these funds is to pay each local unit, including the County's General Fund, the respective amount of taxes that are not collected as of March 1 of each year.

Local Government Public Works Financing accounts for revenues received from local municipalities for the payment of the limited obligation long-term debt (principal, interest and fees) of the County. The proceeds of such debt are used to construct public works water and sewer infrastructure assets for local municipalities, which the local governments agree to operate and lease over the life of the bonds. The lease agreement constitutes a capital lease and the lease payments to the County are generally equal to the debt service requirements of the County's bonds.

Solid Waste Management System accounts for revenues received from, and the expenses made for, the operations of a solid waste landfill system. Monies for the operation of the system are received from customers.

Muskegon County Airport provides direct and related services for both air carrier and general aviation aircraft. Airport activities are administratively divided into four areas: airfield, terminal buildings, hangars and other.

Wastewater Management System provides an innovative, comprehensive plan for utilizing wastewater for land treatment by spray irrigation. The land treatment system nearly eliminates industrial and municipal pollutants and utilizes the wastewater as water and fertilizer to grow crops. Revenues are derived primarily from municipal users and private corporations. Additional revenue is generated from sales of crops grown at the facility.

Additionally, the County reports the following fund types:

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Permanent Funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the County's programs—that is, for the benefit of the County or its citizenry.

Enterprise Funds account for those operations that are financed and operated in a manner similar to private business or where the County has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Internal Service Funds account for printing, building maintenance, automotive repair, building and equipment purchases, energy improvements, and insurance and risk management on a cost reimbursement basis.

Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. These funds are used to account for assets that the government holds for others in an agency capacity (such as taxes and fees collected for other governments).

The *Private Purpose Trust fund* accounts for the perpetual care of specific individuals as ordered by the Court. These funds are legally held in trust for use only by the specified activities as described. The accounting for trust funds is like that used for proprietary funds (full accrual).

The *Other Postemployment Benefits Trust Fund* accounts for the accumulated resources for other postemployment benefit payments to qualified employees.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are revenues in excess of expenses for tax collection. Elimination of the revenues would distort the activity of the functions and would not reflect the proper future uses of the excesses collected for their specific governmental purposes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Restricted net position represents assets that are subject to restrictions beyond the government's control. The restrictions may be externally imposed or imposed by law. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and equity

Deposits and Investments

The government's cash and cash equivalents include amounts in demand deposit accounts, certificates of deposit and short term investments with original maturities of three months or less from the date of acquisition. Investments, exclusive of certificates of deposit, are stated at fair value. Certificates of deposit are carried at cost plus accrued interest, since the original maturity dates are less than one year or the certificates are non-participating (i.e., there is no available market for trade prior to maturity).

State statutes and County policy authorize the County to invest in:

Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.

Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.

Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.

Bankers' acceptances of United States banks.

Obligations of the State of Michigan and its political subdivisions, that, at the time of purchase are rated as investment grade by at least one standard rating service.

Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.

External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

The County pools cash resources of various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the County's investments.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (the current portion of interfund loans) or "advances to/from other funds" (the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Advances between funds are offset by nonspendable fund balance in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles, as applicable.

Amounts due from other governments include amounts due from grantors for specific programs and capital projects. Program grants and capital grants for capital assets are recorded as receivables and revenues at the time reimbursable project costs are incurred. Revenues received in advance of project costs being incurred are reported as "unearned".

Other Assets

Inventories, which consist of replacement parts, office supplies, drugs and medical supplies, are stated at lower of cost or market using the first in, first out (FIFO) method in governmental funds, and at the lower of average cost or market in proprietary funds. Inventories are accounted for by the consumption method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Restricted Assets

Assets which are restricted for specified uses by bond debt requirements, grant provisions or other external requirements are classified as restricted assets. Liabilities payable from such restricted assets are separately classified.

The Solid Waste and Fly Ash funds' restricted assets relate primarily to future maintenance of landfill sites, repair and maintenance of waste-to-energy operations, contract retainages for construction projects and debt retirement.

Capital Assets

Property and equipment are stated at cost. Expenditures which materially extend the useful life of existing properties are capitalized. All costs relating to the construction of facilities are capitalized, including salaries, employee benefits, and bond interest costs during the construction period. Capital assets are defined as assets with an estimated useful life of more than one year and with a unit cost of \$5,000 or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are valued and recorded at estimated acquisition cost at the date of donation. Capital assets are reported in the respective governmental or business-type activities columns in the government-wide financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are not capitalized.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest costs incurred by proprietary funds during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. No interest costs were capitalized during the year. All capital assets, including those purchased/constructed prior to the implementation of GASB 34 have been included for the primary government and component units. The County has no infrastructure assets in its governmental activities. Property, plant, equipment and infrastructure of the County, as well as its component units, is depreciated using the straight-line method over the following estimated useful lives:

	Years
Land improvements	10 - 100
Lagoon	98 - 100
Buildings and improvements	10 - 50
Machinery and equipment	3 - 25
Wastewater collection and distribution system	10 - 50
Infrastructure and improvements	5 - 50
Capitalized interest and engineering costs	47 - 50

The County reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its fair value. If it is determined that an impairment loss has occurred the asset is written down to its net realizable value and a current charge to income is recognized.

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The County reports deferred outflows of resources for the loss on bond refunding reported in the government-wide statement of net position, which results from the difference in the carrying value of refunded debt and its reacquisition price. In addition, the County reports deferred outflows of resources for changes in expected and actual investment returns, assumptions, and benefits provided in its pension plan. A portion of these costs also represent contributions to the plan subsequent to the plan measurement date.

Self-Insurance Fund

The County maintains a self-insurance fund. The purpose of this fund is to pay premiums and claims as they are billed or occur. For the self-insured areas of liability, workers' compensation, and unemployment, the County maintains a reserve for unpaid claims. This reserve includes both case reserves estimated by adjusters on a case-by-case basis for claims reported but not settled, as well as actuarial estimates for claims incurred but not reported (IBNR). IBNR includes provisions for a) late reported claims, b) development on existing case reserves, c) potential claim re-openings, and d) claims that have been reported but for which a case reserve has not yet been recorded.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Compensated Absences

County employees are permitted to accumulate earned but unused vacation and sick pay benefits in varying amounts based on length of service and certain other established criteria. A liability for these amounts is accrued and reported in the government-wide and proprietary funds statements. Vacation and sick leave payoffs upon termination of employment are allocated as general administrative expense across all activities of the County's primary government and participating component units.

Upon termination, a *vacation leave payoff* is generally made at the final rate of pay for 100% of accumulated vacation leave hours, up to a maximum of between 102 and 384 vacation payoff hours, depending on the employee's work classification.

The employee generally receives a *sick leave payoff* equal to sick-leave-payoff-hours multiplied by the employee's final pay rate per hour. There is no limit to the number of sick hours an employee may accumulate, but at termination accumulated sick leave hours are converted into sick-leave-payoff-hours, which is a percentage of accumulated sick leave hours, subject to a maximum of 1440 accumulated sick leave hours. To arrive at the number of sick-leave-payoff-hours to be paid at the final rate of pay, the accumulated sick leave hours are (1) multiplied by 75% for employees who qualify for full retirement or die, (2) multiplied by 50% for other voluntary terminations, (3) multiplied by 100% for certain employee classifications at Brookhaven, or (4) not eligible for payoff for involuntary terminations.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Drainage Districts discretely presented component unit reports unavailable revenues, which arise only under a modified accrual basis of accounting that are reported as deferred inflows of resources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefit Costs

The County offers retiree health care benefits to retirees. The County receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the County reports the full accrual cost equal to the current year ARC, adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any.

Fund Equity

Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. *Committed fund balance* is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners (the government's highest level of decision-making authority). A formal resolution of the Board of Commissioners is required to establish, modify, or rescind a fund balance commitment. The County reports *assigned fund balance* for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Commissioners by resolution has delegated the authority to assign fund balance to the County Finance & Management Services Director or his/her designee. *Unassigned fund balance* is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Other governmental funds besides the general fund can only report a negative unassigned fund balance, which would occur if expenditures were to be incurred for specific purposes that exceeded the amounts restricted, committed or assigned in the fund.

The County Board of Commissioners has formally established a budget stabilization policy whose goal is to keep a reserve equal to at least 5 percent of the General Fund operating budget. If the Budget Stabilization balance falls below the minimum range, the County will replenish shortages or deficiencies using budget strategies and timeframes as detailed in the policy. As of September 30, 2016, the balance in the stabilization arrangement was \$2,300,000, which is reported in the General Fund within unassigned fund balance.

The County Board of Commissioners has adopted a minimum fund balance policy in which the total fund balance of the General Fund will be equal to at least 18 percent of the current year expenditures. If the General Fund balance falls below the minimum range, the County will replenish shortages or deficiencies using budget strategies and timeframes as detailed in the policy.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

When the government incurs an expenditure for purposes for which various fund balance classifications can be used, it is the government's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

Interfund Transactions

During the course of normal operations, the County has numerous transactions between funds and component units, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements. Internal service funds are used to record charges for services to all County departments and funds as transfers or operating revenue. All County funds record these payments to the internal service funds as transfers or operating expenditures/expenses.

Capital Contributions

Certain expenditures for airport and transit capital improvements are significantly funded through the Airport Improvement Program of the Federal Aviation Administration and the U.S. Department of Transportation, with certain matching funds provided by the Department and the State of Michigan. Capital funding provided under government grants is considered earned as the related allowable expenditures are incurred. Grants for capital assets acquisition, facilities development and rehabilitation are reported in the statement of revenues, expenses and changes in fund net position, after nonoperating revenues and expenses as capital contributions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates. The County utilizes various investment instruments which are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Budgets

Budgets presented in the financial statements were prepared on the same basis as the accounting basis used to reflect actual results. The General Fund and special revenue funds are subject to legal budgetary accounting controls and all are budgeted annually. Debt service funds are also included in the budgetary process; however, state statutes do not require legally adopted budgets for such funds. The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. A general, special revenue and debt service funds budget is presented to the Ways and Means Committee of the Board in September, at which time hearings on the budget are scheduled. A Public Hearing is held in August or September and a special meeting is held to give all elected officials the opportunity to discuss their budget with the Board.
2. The budget, and an appropriation ordinance implementing it, is then adopted in September.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

3. Formal budget integration is employed as a management control device during the year for the general, special revenue and debt service funds. Formal budgetary integration is not employed for any other fund and only informational summaries are prepared as a management tool and are presented to the Board for consideration.
4. Budgets presented for the general, special revenue and debt service funds were prepared on the modified accrual basis of accounting. Encumbrances are not recorded at year end.
5. Expenditures may not legally exceed department totals in the general fund. All other special revenue fund expenditures and debt service funds cannot legally exceed their respective fund totals and must remain in accordance with their respective grant agreements with federal and state agencies.
6. Budgets for the current year are carefully reviewed in June or July for any revision of estimates. Proposed increases or reductions in appropriations are presented to the Ways and Means Committee and the Board in August and September for their action. The legislative body amends the general appropriation act as soon as it becomes apparent this action is necessary.
7. The Governing Board has the authority to amend all budgets at the fund level through the appropriation ordinance. It further has the right to amend the General Fund at the activity level if it desires. Management has no authority to amend budgets at the fund level. Management can do transfers within funds at the departmental level without governing board approval but not between departments. Some budgets are approved at the zero activity level when there appears to be no consistent operating data to project future revenues or expenses.
8. The budgetary information presented has been amended during the year by an official action of the County Board of Commissioners.
9. All budget appropriations lapse at the end of each fund's fiscal year.

Grants and Third Party Cost Reimbursement Settlements

The County receives grants from other governmental units to finance specific programs. The grant revenues are recorded based on qualifying program expenditures, as determined by the County, and are subject to audit by the responsible agencies. Adjustments required upon final settlements are recorded in the period of settlement. Third party cost reimbursements are recorded at prospective rates and provisions are made at the end of each year to adjust such revenues to the reimbursable cost expected to be received. Adjustments required upon final settlements are recorded in the period of settlement.

Property Taxes

Property taxes are levied and attached as an enforceable lien on property as of July 1 and December 1. Taxes are payable by March 1 with local treasurers. After March 1, taxes are delinquent and are collected by the County with additional penalty and interest added. Delinquent tax rolls are used to finance delinquent tax notes of which the proceeds are used to pay off the various taxing authorities around July 1. Collections of delinquent taxes (including penalty and interest) are kept by the County to repay the notes, with any remainder being remitted to the general fund. Any delinquent taxes not collected after two years have elapsed trigger the property to be foreclosed and sold at public auction, with a minimum bid of amounts due for taxes, interest and fees. The foreclosure sales occur on or about September 1st. Therefore, under the statutes, total delinquency collection is assured.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

2. EXCESS OF EXPENDITURES OVER BUDGET

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount budgeted. The approved budgets of the County were adopted on the department level for the general fund and at the fund level basis for all other governmental funds, which is the legal level of control.

During the year ended September 30, 2016, the County incurred expenditures in certain budgetary funds which were in excess of the amounts budgeted, as follows:

	Final Budget	Actual	Actual Over Final Budget
General fund:			
General government:			
Residential Energy Efficiency Program	\$ 719,441	\$ 1,163,544	\$ 444,103
Vehicle Pool	15,000	18,259	3,259
State Institutions	344,734	348,695	3,961
Misc Contingency	1,312,476	1,419,893	107,417
Judicial:			
Public Defender	1,600,508	1,627,938	27,430
Cultural:			
MSU Extension	160,303	162,656	2,353
Nonmajor governmental funds:			
Access & Visitation	3,500	4,075	575
Health Department	5,326,706	5,529,979	203,273
NOAA Habitat Conservation Grant	355,853	373,087	17,234

3. DEFICIT FUND EQUITY

At September 30, 2016, the following enterprise funds reported deficit unrestricted net position balances as shown in the following table:

Enterprise Fund	Unrestricted Net Position (Deficit)	Total Net Position	Working Capital	Total of Net Pension Liability & Net OPEB Obligation
Brookhaven	\$ (6,003,325)	\$ (5,105,389)	\$ 332	\$ 6,529,825
Airport	(172,221)	28,834,262	1,328,773	991,094
Muskegon Area Transit System	(2,645,345)	7,035,972	82,714	3,486,954

All of these funds maintained positive working capital, which represents the excess of current assets over current liabilities. All except Brookhaven reported positive total net position as of September 30, 2016. Net Pension Liability and Net OPEB Obligation balances contributed to the deficit unrestricted net position balances reported.

The Emergency Services special revenue fund reported a deficit unassigned fund balance of \$1,688. Total fund balance (which included \$1,688 classified as nonspendable for prepaids), was \$0.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

4. DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposit and investment balances as of September 30, 2016:

	Primary Government	Component Units	Totals
Statement of Net Position			
Cash and investments	\$ 60,936,088	\$ 7,429,749	\$ 68,365,837
Restricted assets	2,354,300	-	2,354,300
	<u>63,290,388</u>	<u>7,429,749</u>	<u>70,720,137</u>
Statement of Fiduciary Net Position			
Agency funds:			
Cash and investments	21,525,879	-	21,525,879
Private purpose trust fund:			
Cash and investments	63,712	-	63,712
Other postemployment benefit trust fund:			
Funds on deposit with MERS	48,916,791	-	48,916,791
	<u>70,506,382</u>	<u>-</u>	<u>70,506,382</u>
Total	<u>\$ 133,796,770</u>	<u>\$ 7,429,749</u>	<u>\$ 141,226,519</u>
Deposits and investments			
Bank deposits:			
Checking and savings accounts			\$ 63,542,964
Certificates of deposits, due within one year			3,520,000
Total bank deposits			<u>67,062,964</u>
Investments:			
Funds on deposit with MERS			48,916,791
Money market accounts			2,354,299
Municipal bonds			11,086,728
Government securities			11,521,942
Non-cash commodity			95,163
Total investments			<u>73,974,923</u>
Cash on hand			<u>188,632</u>
Total			<u>\$ 141,226,519</u>

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits might not be returned. It is County policy to reduce custodial credit risk related to deposits by using only pre-qualified financial institutions, broker/dealers, intermediaries and advisors. As of year-end, \$68,012,161 of the County's bank balance of \$69,118,359 was exposed to custodial credit risk because it was uninsured and uncollateralized.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of September 30, 2016, none of the County's investments were exposed to custodial credit risk inasmuch as all investments are held in the name of the County.

To limit the risk on the sale of the commodities grown as part of the farm sales in the Wastewater enterprise fund, the County elects to hedge 50 percent of the anticipated crop production. The funds are held with a third-party and the value has been adjusted based on the market value of the commodity at year end.

Credit Risk. Statutes and various bond indentures authorize the County to invest in obligations of the U.S. Treasury, governmental agencies and instrumentalities, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services, bankers' acceptances of U.S. banks, U.S. government or federal agency obligation repurchase agreements, obligations of the State of Michigan or any of its political subdivisions rated as investment grade by not less than one standard rating service, and mutual funds composed of the types of investment vehicles named previously. The County had no investment policy that would further limit its investment choices.

Credit risk ratings, where applicable, are summarized as follows:

Moody AAA, S&P AA+	\$ 6,584,082
Moody AA2, S&P AA+	543,941
Moody AA1, S&P AA-	5,226,810
Moody AAA, S&P not rated	2,942,700
Moody A1, S&P not rated	857,420
S&P AA+, Moody not rated	1,995,160
S&P AA-, Moody not rated	4,458,557
Unrated	<u>51,366,253</u>
Total	<u>\$ 73,974,923</u>

Interest Rate Risk. Interest rate risk is the risk that the market rate of securities in the portfolio will fall due to changes in market interest rates. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant accounting policies.

Maturity dates for investments held at year-end are summarized as follows:

Due in 1-5 years	\$ 10,003,048
Due in 6-10 years	8,162,667
Due in 11-15 years	1,500,255
Due in 16-20 years	2,942,700
No maturity	<u>51,366,253</u>
Total	<u>\$ 73,974,923</u>

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments in the summary of significant accounting policies. The County will minimize concentration of credit risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Fair Value Measurement

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The County has the following recurring fair value measurements as of September 30, 2016:

	Level 1	Level 2	Level 3	Total
Funds on deposit with MERS	\$ 16,631,709	\$ 10,761,694	\$ 21,523,388	\$ 48,916,791
Money market accounts	2,354,299	-	-	2,354,299
Municipal bonds	-	11,086,728	-	11,086,728
Government securities	-	11,521,942	-	11,521,942
Non-cash commodity	-	95,163	-	95,163
	<u>\$ 18,986,008</u>	<u>\$ 33,465,527</u>	<u>\$ 21,523,388</u>	<u>\$ 73,974,923</u>

The County's level 3 investments consist entirely of funds on deposit with MERS. Given that the amounts held by MERS are not specifically identifiable to the County, a rollforward of these balances from the prior year is not available.

5. RECEIVABLES

Receivables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities	Component Units
Accounts	\$ 2,007,484	\$ 4,661,668	\$ 857,672
Less: allowance for uncollectibles	(130,161)	(548,768)	-
Due from other governments	15,519,191	3,363,589	2,044,256
Less: allowance for uncollectibles	(4,019)	(450,100)	-
Accrued interest	208,784	-	-
Taxes (current)	4,310,063	-	3,667
Taxes (delinquent)	-	12,272,084	-
Long-term notes	1,037,500	1,024,065	-
Leases	-	24,756,571	-
Special assessments	-	874,502	511,500
Other	-	-	1,143,482
	<u>\$ 22,948,842</u>	<u>\$ 45,953,611</u>	<u>\$ 4,560,577</u>

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Of the amounts reported for receivables above, long-term notes receivables in the amount of \$2,005,326, special assessments receivable in the amount of \$1,078,798, leases receivable in the amount of \$22,992,485, and accounts receivable of \$355,565 are not expected to be collected within one year.

The County has a long-term note receivable from the City of Muskegon Downtown Development Authority (a Michigan nonprofit corporation) dated August 17, 1989 (issued in the face amount of \$1,000,000, interest free), which is held jointly by capital projects and internal service funds. The note is included in the accompanying financial statements at its original face amount. The note is collateralized by a certain tax increment financing plan and by the assignment of the related leases, which are believed to provide adequate assurance for the realization of the note.

The County also has a long-term note receivable from the Erdman Holding, LLC (a Michigan limited liability company) dated February 22, 2010 (issued in the face amount of \$1,275,000, with interest of 6% per annum), which is held by the Wastewater enterprise fund.

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the Drainage Districts component unit showed unavailable revenue of \$361,746 related to special assessments receivables.

6. PAYABLES

Payables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities	Component Units
Accounts	\$ 6,851,606	\$ 2,342,516	\$ 657,022
Due to other governments	4,660,940	1,026,507	-
	<u>\$ 11,512,546</u>	<u>\$ 3,369,023</u>	<u>\$ 657,022</u>

7. OTHER ASSETS

Other assets are comprised of the following at year-end:

	Governmental Activities	Business-type Activities	Component Units
Prepays	\$ 1,414,450	\$ 1,523	\$ 132,773
Inventory	8,856	121,908	2,047,362
Deposits held with others	634,242	-	-
Assets held for resale	-	-	468,256
	<u>\$ 2,057,548</u>	<u>\$ 123,431</u>	<u>\$ 2,648,391</u>

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

8. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2016, was as follows:

Advances to and from primary government funds

	Advances to Other Funds	Advances from Other Funds
General fund	\$ 1,256,619	\$ -
Brookhaven Medical Care Facility	-	1,256,619
Solid Waste	69,779	-
Airport	-	700,584
Internal Services fund	700,584	69,779
	<u>\$ 2,026,982</u>	<u>\$ 2,026,982</u>

Advances to and from component units

	Advances to Component Units	Advances from Primary Government
General Fund	\$ 21,500	\$ -
Delinquent Tax Revolving	225,000	-
Land Bank Authority	-	225,000
Drainage Districts	-	21,500
	<u>\$ 246,500</u>	<u>\$ 246,500</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

For the year ended September 30, 2016, interfund transfers consisted of the following:

Transfers Out	Transfers In							Totals
	General Fund	HealthWest	Nonmajor Governmental Funds	Brookhaven Medical Care Facility	Delinquent Tax Revolving	Airport	Internal Service Funds	
General Fund	\$ -	\$ 736,935	\$ 6,917,655	\$ 519,000	\$ -	\$ 520,274	\$ 42,828	\$ 8,736,692
Nonmajor Governmental Funds	-	-	140,491	-	24,034	-	24,300	188,825
Internal Services Funds	575	750,000	690,884	-	-	-	-	1,441,459
Delinquent Tax Revolving	2,600,000	-	210,183	-	-	-	-	2,810,183
Solid Waste	16,675	-	-	-	-	-	-	16,675
Wastewater	-	-	-	-	-	-	1,238	1,238
Totals	\$ 2,617,250	\$ 1,486,935	\$ 7,959,213	\$ 519,000	\$ 24,034	\$ 520,274	\$ 68,366	\$13,195,072

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

9. CAPITAL ASSETS

Capital Asset activity for the year ended September 30, 2016 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 4,490,494	\$ 335,711	\$ -	\$ -	\$ 4,826,205
Construction-in-progress	32,805,686	477,922	(37,350)	(32,586,550)	659,708
	<u>37,296,180</u>	<u>813,633</u>	<u>(37,350)</u>	<u>(32,586,550)</u>	<u>5,485,913</u>
Capital assets being depreciated:					
Land improvements	6,031,712	1,088,856	-	174,628	7,295,196
Buildings and improvements	87,650,731	1,488,997	(25,603,411)	30,157,651	93,693,968
Machinery and equipment	24,788,924	1,425,784	(1,013,881)	2,254,271	27,455,098
	<u>118,471,367</u>	<u>4,003,637</u>	<u>(26,617,292)</u>	<u>32,586,550</u>	<u>128,444,262</u>
Less accumulated depreciation for:					
Land improvements	(3,416,555)	(216,526)	-	-	(3,633,081)
Building and improvements	(39,964,718)	(11,223,339)	25,488,260	-	(25,699,797)
Machinery and equipment	(13,250,698)	(1,819,598)	931,899	-	(14,138,397)
	<u>(56,631,971)</u>	<u>(13,259,463)</u>	<u>26,420,159</u>	<u>-</u>	<u>(43,471,275)</u>
Total capital assets being depreciated, net	<u>61,839,396</u>	<u>(9,255,826)</u>	<u>(197,133)</u>	<u>32,586,550</u>	<u>84,972,987</u>
Governmental activities-capital assets, net	<u>\$ 99,135,576</u>	<u>\$ (8,442,193)</u>	<u>\$ (234,483)</u>	<u>\$ -</u>	<u>\$ 90,458,900</u>

Of the amount reported in capital assets, \$1,078,383 of machinery and equipment was purchased through capital lease purchase agreements. Related accumulated depreciation at year-end amounted to \$223,582.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type Activities					
Capital assets, not being depreciated:					
Land	\$ 20,308,980	\$ -	\$ (67,584)	\$ -	\$ 20,241,396
Construction-in-progress	2,177,063	1,978,597	-	(39,229)	4,116,431
	<u>22,486,043</u>	<u>1,978,597</u>	<u>(67,584)</u>	<u>(39,229)</u>	<u>24,357,827</u>
Capital assets being depreciated:					
Land improvements	28,800,025	179,307	(175,719)	3,388	28,807,001
Buildings and improvements	33,113,581	42,320	(13,033)	6,000	33,148,868
Machinery and equipment	36,127,711	2,561,628	(1,001,405)	29,841	37,717,775
Lagoons	9,527,565	-	(31,850)	-	9,495,715
W/W collection and distribution	165,643,768	1,761,997	(1,293,322)	-	166,112,443
Capitalized interest and engineering	9,018,463	-	(82,417)	-	8,936,046
	<u>282,231,113</u>	<u>4,545,252</u>	<u>(2,597,746)</u>	<u>39,229</u>	<u>284,217,848</u>
Less accumulated depreciation for:					
Land improvements	(16,833,859)	(736,495)	139,512	-	(17,430,842)
Building and improvements	(19,800,854)	(838,635)	7,048	-	(20,632,441)
Machinery and equipment	(17,174,536)	(3,536,663)	294,036	-	(20,417,163)
Lagoons	(4,004,568)	(98,270)	-	-	(4,102,838)
W/W collection and distribution	(71,317,144)	(4,125,709)	198,065	-	(75,244,788)
Capitalized interest and engineering	(6,851,163)	(304,556)	82,415	-	(7,073,304)
	<u>(135,982,124)</u>	<u>(9,640,328)</u>	<u>721,076</u>	<u>-</u>	<u>(144,901,376)</u>
Total capital assets being depreciated, net	<u>146,248,989</u>	<u>(5,095,076)</u>	<u>(1,876,670)</u>	<u>39,229</u>	<u>139,316,472</u>
Business-type activities capital assets, net	<u>\$ 168,735,032</u>	<u>\$ (3,116,479)</u>	<u>\$ (1,944,254)</u>	<u>\$ -</u>	<u>\$ 163,674,299</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Depreciation of governmental activities by function	
General government	\$ 9,999,868
Judicial	6,146
Public safety	410,173
Health	642,633
Welfare	1,700
Recreation	267,872
Internal service fund	<u>1,931,071</u>
Total depreciation expense - governmental activities	<u>\$ 13,259,463</u>

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Depreciation of business-type activities by function

Brookhaven Medical Care Facility	\$ 73,877
Solid Waste	599,946
Airport	1,201,785
Wastewater	6,391,527
Nonmajor enterprise funds	<u>1,373,193</u>
Total depreciation expense - business-type activities	<u><u>\$ 9,640,328</u></u>

Discretely presented component units

Capital assets activity for the Drainage Districts component unit for the year ended September 30, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Component Unit - Drainage Districts					
Capital assets, not being depreciated:					
Land	\$ 95,247	\$ -	\$ -	\$ -	\$ 95,247
Capital assets being depreciated:					
Infrastructure and improvements	4,108,109	244,788	-	-	4,352,897
Less accumulated depreciation for:					
Infrastructure and improvements	(951,645)	(87,058)	-	-	(1,038,703)
Total capital assets being depreciated, net	<u>3,156,464</u>	<u>157,730</u>	<u>-</u>	<u>-</u>	<u>3,314,194</u>
Component Unit - Drainage Districts capital assets, net	<u><u>\$ 3,251,711</u></u>	<u><u>\$ 157,730</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,409,441</u></u>

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

10. LONG-TERM DEBT

The following is a summary of long-term debt transactions for the year ended September 30, 2016:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds	\$ 63,270,000	\$ -	\$ (2,355,000)	\$ 60,915,000	\$ 1,365,000
Capital leases	428,226	443,076	(218,005)	653,297	261,613
Total installment debt	63,698,226	443,076	(2,573,005)	61,568,297	1,626,613
Premium on bonds payable	261,928	-	(60,217)	201,711	50,300
Compensated absences	6,551,677	827,380	(833,089)	6,545,968	922,326
Total governmental activities	\$ 70,511,831	\$ 1,270,456	\$ (3,466,311)	\$ 68,315,976	\$ 2,599,239
Business-type activities					
General obligation bonds	\$ 27,925,000	\$ -	\$ (1,245,000)	\$ 26,680,000	\$ 1,395,000
Revenue bonds	69,518,365	-	(4,520,000)	64,998,365	4,640,000
Notes payable	16,000,000	12,000,000	(12,000,000)	16,000,000	12,000,000
Total installment debt	113,443,365	12,000,000	(17,765,000)	107,678,365	18,035,000
Premium on bonds payable	3,151,938	-	(551,699)	2,600,239	275,008
Closure and sludge cost	17,339,330	-	(2,596,973)	14,742,357	226,585
Compensated absences	1,332,693	188,878	(206,338)	1,315,233	185,316
Total business-type activities	\$ 135,267,326	\$ 12,188,878	\$ (21,120,010)	\$ 126,336,194	\$ 18,721,909
Drainage Districts Component Unit					
Notes payable	\$ 410,000	\$ 1,353,000	\$ (60,000)	\$ 1,703,000	\$ 918,000

Governmental Activities

General obligation bonds

\$6,150,000 2008 Building Authority (Limited Tax) Bonds, Mental Health Building, due in annual installments of \$160,000 to \$430,000 plus interest ranging from 5.25% to 6.25%, payable semi-annually, through November 1, 2033.

\$ 5,125,000

\$4,685,000 2010 Building Authority (Limited Tax) Refunding Bonds, Hall of Justice Bonds, due in annual installments of \$110,000 to \$530,000 plus interest at 2.81%, payable semi-annually, through May 1, 2022.

2,940,000

\$7,140,000 2010 Capital Improvement Bonds, due in annual installments of \$200,000 to \$600,000 plus interest at 6.97%, payable semi-annually, through November 1, 2030.

6,055,000

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Governmental Activities (Concluded)

General obligation bonds (concluded)

\$38,870,000 2013 General Obligation Limited Tax Bonds, Jail and Juvenile Transition Center, due in annual installments of \$1,005,000 to \$5,025,000 plus interest at 4.75%, payable semi-annually, through October 1, 2032.	\$ 38,870,000
\$5,915,000 2014 Capital Improvement Bonds, due in annual installments of \$315,000 to \$510,000 plus interest ranging from 3.45% to 4.00%, payable semi-annually, through November 1, 2029.	5,600,000
\$2,325,000 2015 Capital Improvement Bonds, due in annual installments of \$130,000 to \$175,000 plus interest ranging from 2.00% to 5.00%, payable semi-annually, through November 1, 2034.	2,325,000
Capital leases	
Various capital leases, due in various monthly installments plus interest maturing at various dates through July 28, 2019.	<u>653,297</u>
Total governmental activities installment debt	<u>\$ 61,568,297</u>

Business-type Activities

General obligation bonds

\$4,315,000 Muskegon County Water Supply System - No. 1 Series II (Fruitport - Norton Shores) Refunding Bonds, Series 2010 (Refunding of Muskegon County Water Supply System No. 1, Series II Bonds, Series 2000), due in annual installments of \$385,000 to \$520,000 plus interest ranging from 2.00% to 3.00%, payable semi-annually, through October 1, 2019.	\$ 1,965,000
\$6,000,000 Muskegon County Wastewater Management System (Laketon Twp Section) Bonds, Series 2008 (General Obligation Limited Tax), due in installments of \$215,000 to \$450,000 plus interest ranging from 4.00% to 4.625%, payable semi-annually, through May 1, 2028.	4,235,000
\$16,185,000 Muskegon County Wastewater Management System (Muskegon, Egelston & Dalton Township Section) Refunding Bonds, Series 2015 (General Obligation Limited Tax), due in an annual installments of \$445,000 to \$1,220,000 plus interest ranging from 4.201% to 5.00%, payable semi-annually, through November 1, 2036.	16,185,000
\$995,000 Muskegon County Water Supply System (Whitehall Township Section) Bonds, Series 2006 (General Obligation Limited Tax), due in installments of \$60,000 to \$85,000 plus interest ranging from 4.00% to 4.30%, payable semi-annually, through November 1, 2021.	495,000
\$3,800,000 2015 Capital Improvement Bonds, due in annual installments of \$155,000 to \$265,000 plus interest ranging from 2.00% to 5.00%, payable semi-annually, through November 1, 2034.	3,800,000

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Business-type Activities (Continued)

Revenue bonds

\$6,550,000 2015 Muskegon County Water Supply System Revenue Refunding Bonds, due in annual installments of \$225,000 to \$450,000 plus interest ranging from 2.00% to 5.00%, payable semi-annually, through November 1, 2036.	\$ 6,550,000
\$9,215,000 2008 Muskegon County Water Supply System Revenue Refunding Bonds, due in annual installments of \$330,000 to \$645,000 plus interest ranging from 3.25% to 4.625%, payable semi-annually, through November 1, 2036.	6,540,000
\$12,380,000 2011 Wastewater Revenue Refunding Bond, payable to MFA in annual installments of \$775,000 to \$900,000 plus interest ranging from 2.00% to 5.00%, payable semi-annually, through July 1, 2026.	8,005,000
**\$17,386,586 2005 Wastewater Revenue Bond, payable to MFA in annual installments of \$790,000 to \$991,560 plus interest at 1.625%, payable semi-annually, through April 1, 2027.	10,251,560
**\$14,000,000 2006 Wastewater Revenue Bond, payable to MFA in annual installments of \$625,000 to \$815,000 plus interest at 1.625%, payable semi-annually, through April 1, 2028.	8,940,000
**\$1,800,000 2007 Wastewater Revenue Bond, payable to MFA in annual installments of \$80,000 to \$105,000 plus interest at 1.625%, payable semi-annually, through October 1, 2026.	1,065,000
**\$898,316 2008 Wastewater Revenue Bond, payable to MFA in annual installments of \$40,000 to \$58,316 plus interest at 2.50%, payable semi-annually, through April 1, 2028.	583,316
**\$15,154,830 2008B Wastewater Revenue Bond, payable to MFA in annual installments of \$620,000 to \$939,830 plus interest at 2.50%, payable semi-annually, through April 1, 2029.	10,589,830
**\$16,132,676 2008C Wastewater Revenue Bond, payable to MFA in annual installments of \$680,000 to \$1,095,000 plus interest at 2.50%, payable semi-annually, through April 1, 2029.	11,247,676
**\$1,664,983 2010 Wastewater Revenue Bond, payable to MFA in annual installments of \$70,000 to \$105,983 plus interest at 2.50%, payable semi-annually, through April 1, 2030.	1,225,983

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Business-type Activities (Concluded)

Notes payable

\$12,000,000 2014 General Obligation Tax Note, due in installments of \$4,000,000 plus interest at 4.00%, payable semi-annually, through December 1, 2016.	\$ 4,000,000
\$12,000,000 2015 General Obligation Tax Note, due in installments of \$4,000,000 plus interest ranging at 1.27%, payable semi-annually, through December 1, 2017.	<u>12,000,000</u>
Total business-type activities installment debt	<u>\$ 107,678,365</u>

Pledged Revenues

**The County has pledged future wastewater total revenues, net of specified operating expenses, to repay approximately \$67.0 million in certain wastewater system revenue bonds issued between September 2005 and January 2010. Proceeds from these bonds provided financing for improvements to the wastewater system. These particular bonds are payable solely from wastewater net revenues and are payable through 2030. Annual principal and interest payments on these bonds are expected to require less than 50 percent of net revenues. The total principal and interest remaining to be paid on these bonds is \$50,354,647. For the current year, principal and interest paid was \$4,103,648 and net revenues were \$9,991,812.

Drainage Districts Component Unit

Notes payable

\$290,000 2014 Pierson Swamp Drain Note, due in one installment on May 1, 2017, interest of 1.10% due at maturity.	\$ 290,000
\$120,000 2014 Black Creek Drain Note, due in two installments of \$60,000, plus interest at 1.10%, payable May 1, 2016 and 2017.	60,000
\$70,000 2015 Saxe Drain Note, due in one installment on December 1, 2016, plus interest at 1.32% due at maturity.	70,000
\$198,000 2016 Kuis Drain Note, due in one installment on February 15, 2017, plus interest at 1.15% due at maturity.	198,000
\$185,000 2016 Round Marsh Drain Note, due in annual installments of \$37,000, plus interest at 2.04%, payable through June 1, 2022.	185,000
\$300,000 2016 Kent Drain Note, due in annual installments of \$30,000, plus interest at 2.12%, payable through May 1, 2027.	300,000
\$300,000 2016 Laurene Taylor Drain Note, due in annual installments of \$30,000, plus interest at 2.12%, payable through May 1, 2027.	300,000
\$120,000 2016 Pierson Swamp Drain Note, due in one installment on May 1, 2017, plus interest at 1.03% due at maturity.	<u>300,000</u>
Total drainage districts component unit	<u>\$ 1,703,000</u>

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Annual debt service requirements to maturity for long-term debt are as follows:

Year Ended September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 1,626,613	\$ 2,954,632	\$ 18,035,000	\$ 3,131,725
2018	1,563,557	2,885,148	10,200,000	2,783,942
2019	2,575,603	2,793,686	6,330,000	2,588,773
2020	2,655,752	2,676,804	6,480,000	2,406,825
2021	2,691,772	2,557,529	6,075,000	2,220,162
2022-2026	18,330,000	10,609,989	32,335,000	8,204,560
2027-2031	28,645,000	4,127,549	18,393,365	3,629,141
2032-2036	3,480,000	211,186	8,160,000	1,420,353
2037	-	-	1,670,000	41,750
	<u>\$ 61,568,297</u>	<u>\$ 28,816,523</u>	<u>\$ 107,678,365</u>	<u>\$ 26,427,231</u>

Year Ended September 30,	Drainage Districts Component Unit	
	Principal	Interest
2017	\$ 918,000	\$ 14,639
2018	97,000	28,669
2019	97,000	14,467
2020	97,000	12,440
2021	97,000	10,414
2022-2026	337,000	26,195
2027	60,000	1,272
	<u>\$ 1,703,000</u>	<u>\$ 108,096</u>

Bonds payable to Michigan Finance Authority (MFA), successor to the Michigan Municipal Bond Authority (MMBA), are under special State authority where bond funds are received based on reimbursable and allowed expenses for specific State Department of Environmental Quality approved projects. Funds are received until a predetermined limit is reached or the project is complete. Once the projects are complete, MFA issues a final bond payment schedule. Until that time, bond principal payments are estimated based on the original debt schedule and the amount drawn to date. Principal payments commence after 18 months from date of original approval.

The local government public works financing bonds were issued by the County under State of Michigan Public Act 185 of 1957 pursuant to contracts entered into with the City of Norton Shores, Egelston, Muskegon, Dalton, Fruitport, Laketon and Whitehall Townships for the financing of additional sewage collection and disposal and water supply systems for the contractees. Under the terms of the agreements, the contractees are to pay the County each year amounts sufficient to provide for debt service. The full faith and credit of the County and that of the respective participating municipalities are pledged for repayment of the bonds.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

The Muskegon County Wastewater Management System No. 1 Bonds issued are a general obligation (revenue) bond issue repayable from the proceeds of contract payments by participating users in the system. The full faith and credit of the County and that of participating municipalities are pledged for repayment of the bonds. The General Obligation tax notes are issued by the County to pay the various local units of government their respective share of delinquent property taxes. The notes are collateralized by the assets of the Delinquent Tax Revolving Fund and the full faith and credit of the County.

Proceeds of the outstanding County Building Authority Limited Tax General Obligation Bonds were used to construct a community mental health center, to provide energy improvements across most of the County's buildings, and to remodel the County's Hall of Justice. Building lease payments are pledged for the payment of annual debt service along with the limited tax full faith and credit pledge of the County.

In October 2013 the County issued \$38.87 million of General Obligation Limited Tax Bonds to pay the costs of a project to acquire, construct, renovate, furnish and equip a jail and a juvenile transition facility. The cost of various capital improvements in the County were funded in September 2014 by \$5.915 million of Limited Tax General Obligation Capital Improvement Bonds. Debt service on these bonds is payable from the general funds of the County or from property taxes levied within constitutional and statutory tax rate limitations, if necessary.

The compensated absences liability is liquidated by allocating each payoff of earned but unused vacation and sick pay benefits as general administrative expense across all activities of the County primary government and participating component units when paid upon termination of employment.

11. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omissions; injuries to employees and the public; and natural disasters. The County has a self-insurance (internal service) fund to account for and finance its uninsured risk of losses. Under this program, the self-insurance fund provides coverage for up to a maximum of \$300,000 for each Workers' Compensation claim, \$250,000 for each general liability claim, \$50,000 for each property damage claim and \$100,000 for each auto claim. The County purchases commercial insurance for claims in excess of the stated coverages and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three years.

The County manages its risks internally and has set aside assets for claim settlement in its Insurance internal service fund. These funds allocate the cost of providing claims servicing and claims payments by charging a "premium" to each fund based upon various allocation bases. This charge considers recent trends in actual claims experience of the County as a whole and makes provision for catastrophic losses.

Insurance internal service fund liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an accumulation of case estimates for losses reported prior to the close of the accounting period and estimates for claims that have been incurred but not reported (including future claim adjustment expenses) based on past loss experience and consideration of current claim trends, as well as prevailing social, economic and local conditions. Estimated amounts of salvage and subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. Liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using expected future investment yield assumptions of 4.0%.

Changes in the balances of claims liabilities are as follows:

Year	Beginning of the year liability	Current year claims and change in estimates	Claim Payments	End of the year liability
2015	\$ 3,348,355	\$ 2,877,813	\$ (3,773,123)	\$ 2,453,045
2016	2,453,045	1,502,102	(1,476,171)	2,478,976

12. CONTINGENT LIABILITIES

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County and its Corporate Counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

13. PENSION PLANS

Defined Benefit Pension Plan

General Information About the Plan

Plan Description. The County's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The County participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Benefits Provided. Pension benefits vary by division/bargaining unit and are calculated as final average compensation (based on a 3 or 5 year period) and multipliers ranging from 1.7% to 2.5%. Participants are considered to be fully vested in the plan after 10 years. Normal retirement age is 60 with early retirement at age 50 with 25 years of service, age 55 with 15 years of service, or age 55 with 25 years of service, depending on division/bargaining unit. All divisions of the plan are closed to new hires.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Employees Covered by Benefit Terms. At December 31, 2015, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	1,005
Inactive employees entitled to but not yet receiving benefits	202
Active employees	<u>582</u>
 Total membership	 <u><u>1,789</u></u>

Contributions. The County is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. In addition, the employer may establish contribution rates to be paid by its covered employees.

Employer monthly contribution amounts and employee contribution rates, by division/bargaining unit, were as follows as of September 30, 2016:

Division/Bargaining Unit	Employer Contribution	Employee Contribution
01 - Public Works	\$ 24,544	4.51%
04 - MCF Union	-	8.57%
10 - Gnrl Local214	74,856	3.84%
11 - Gnrl NonUnion	174,358	5.41%
12 - District Court	12,474	1.50%
13 - Health Dpt Nrses	6,859	4.05%
14 - Mntl Hlth Wrks	9,562	3.86%
15 - Judges	2,209	4.13%
17 - Comm/E.O./Adm Dir	75,686	5.20%
19 - Mental Hlth Workers af 9/1/10	700	5.86%
20 - Corrections	19,938	2.69%
22 - Shrf Dpty Lcl214	41,724	5.00%
23 - Shrf Cmnd Unit	38,087	7.33%
24 - Correction Ofr hired af 9/1/10	1,272	5.69%
25 - Sheriff Deputy after 10/01/10	1,695	6.50%
26 - Shrf Cmd Unit after 1/1/2011	-	8.75%
41 - AFSCME#570	16,888	5.58%
42 - MCF Union hired after 3/1/10	1,831	4.00%
90 - Public Works after 02/01/11	661	6.50%
91 - Gnrl Local 214 after 11/1/10	<u>4,642</u>	6.00%
	 <u><u>\$ 507,986</u></u>	

Net Pension Liability. The County's net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment and administrative expense including inflation

Although no specific price inflation assumptions are needed for the valuation, the 2.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2009-2013. The main assumption and method changes in the most recent actuarial valuation included an adjustment to the mortality table to reflect longer lifetimes, the assumed annual rate of return, net of all expenses, was lowered from 8.0% to 7.75%, and the asset smoothing was changed from 10 to 5 years.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equity	57.5%	5.02%	2.89%
Global fixed income	20.0%	2.18%	0.44%
Real assets	12.5%	4.23%	0.51%
Diversifying strategies	10.0%	6.56%	0.66%
	<u>100.0%</u>		
Inflation			3.25%
Administrative expenses netted above			<u>0.50%</u>
Investment rate of return			<u>8.25%</u>

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Discount Rate. The discount rate used to measure the total pension liability is 8.25% for 2015. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

The components of the change in the net pension liability are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2014	\$ 245,686,093	\$ 173,391,073	\$ 72,295,020
Changes for the year:			
Service cost	3,308,152	-	3,308,152
Interest	19,713,939	-	19,713,939
Differences between expected and actual experience	2,011,308	-	2,011,308
Changes of assumptions	12,726,778	-	12,726,778
Employer contributions	-	5,974,000	(5,974,000)
Employee contributions	-	1,703,744	(1,703,744)
Net investment income (loss)	-	(2,519,393)	2,519,393
Benefit payments, including refunds of employee contributions	(16,766,675)	(16,766,675)	-
Administrative expense	-	(372,829)	372,829
Other changes	175	-	175
Net changes	20,993,677	(11,981,153)	32,974,830
Balances at December 31, 2015	\$ 266,679,770	\$ 161,409,920	\$ 105,269,850

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the County, calculated using the discount rate of 8.25%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1% lower (7.25%) or 1% higher (9.25%) than the current rate:

1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
\$ 133,734,927	\$ 105,269,850	\$ 80,992,509

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan financial statements.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended September 30, 2016, the County recognized pension expense of \$16,593,483. The County reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Difference between expected and actual experience	\$ 1,340,872
Changes in assumptions	8,484,519
Net difference between projected and actual earnings on pension plan investments	14,998,485
	<u>24,823,876</u>
Contributions subsequent to the measurement date	<u>4,539,363</u>
Total	<u>\$ 29,363,239</u>

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending September 30, 2017. Other amounts reported as deferred outflows of resources related to the pension will be recognized in pension expense as follows:

Year Ended September 30,	Amount
2017	\$ 8,816,599
2018	8,816,600
2019	3,903,905
2020	<u>3,286,772</u>
Total	<u>\$ 24,823,876</u>

Payable to the Pension Plan. At September 30, 2016, the County had no outstanding contribution amounts payable to the plan for the year ended September 30, 2016.

Defined Contribution Pension Plan

The County's defined contribution pension plan provides benefits to various employees hired after January 1, 2007. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employer and employee contributions are recognized in the period that the contributions are due. Plan investments are excluded from the financial statements as the fiduciary responsibility for this plan rests with MERS.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

Participation in the defined contribution plan is mandatory for all eligible employees. The County contributes from 2.0-3.0% of each participant's base salary to the plan. Employees are required to contribute a minimum of 3.0-4.5% of base pay to the plan. Participating employees are immediately 100% vested in the participant's accumulated balance. Employees become vested in the employer contributions over a six year period. The plan provisions and contribution amounts were established by the County Board and may be amended by the County Board. The plan is administered by MERS. The employer and employee contributions were \$508,897 and \$777,515 respectively for the current year.

14. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan description. The County of Muskegon administers a single employer defined benefit postemployment healthcare benefit plan that provides health and dental benefits to its retired employees and beneficiaries. The plan is accounted for as an other postemployment benefits trust fund in the County's financial statements, and utilizes the Retiree Health Funding Vehicle and Investment Services Program provided through the Michigan Municipal Employees' Retirement System (MERS). Separate financial statements are not prepared for the plans.

Membership of the Plan consisted of the following at October 1, 2014, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	589
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>716</u>
Total	<u><u>1,305</u></u>

Funding policy. Retired employees are required to contribute from 0-100% of the monthly medical and dental premiums based on their eligible years of service at time of retirement. Retired employees pay the full cost for spousal or family coverage.

Annual OPEB Cost and Net OPEB Obligation. For the year ended September 30, 2016, the County has estimated the cost of providing retiree health care benefits through an actuarial valuation as of October 1, 2014. The valuation computes an annual required contribution (ARC), which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution	\$ 6,165,636
Interest on net OPEB obligation	602,158
Adjustment to annual required contribution	<u>(695,773)</u>
Net OPEB cost (expense)	6,072,021
Contributions made	<u>(1,675,729)</u>
Increase in net OPEB obligation	4,396,292
Net OPEB obligation, beginning of year	<u>7,526,977</u>
Net OPEB obligation, end of year	<u><u>\$ 11,923,269</u></u>

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2016 and the two preceding years were as follows:

Three-Year Trend Information			
Years Ended September 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 5,454,642	70%	\$ 4,095,873
2015	5,320,609	36%	7,526,977
2016	6,072,021	28%	11,923,269

The schedule of employer contributions, presented as required supplementary information (RSI) following the notes to the financial statements, presents trend information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Funded Status and Funding Progress. As of October 1, 2014, the most recent actuarial valuation date, the Plan was 54.1% funded. The actuarial accrued liability for benefits was \$90,500,533, and the actuarial value of assets was \$48,958,231, resulting in an unfunded actuarial accrued liability (UAAL) of \$41,542,302. The covered payroll (annual payroll of active employees covered by the Plan) was \$32,178,697, and the ratio of the UAAL to the covered payroll was 129.1%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

The required contribution was determined as part of the October 1, 2014 actuarial valuation, using the entry age normal actuarial cost method. The actuarial assumptions include: a) 8% investment rate of return (net of administrative expenses) and b) projected salary increases of 2% attributable to inflation; c) additional projected salary increases depending on age, attributable to sonority/merit; and d) projected healthcare benefit increases of 3.75% to 8.0%. The actuarial value of the County OPEB plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five year period. The County's unfunded actuarial accrued liability is being amortized as a level dollar over the next 21 years.

Defined Contribution Post-Employment Healthcare Plan

The County's defined contribution post-retirement healthcare plan provides post retirement healthcare benefits for various employees hired after January 1, 2007. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employer and plan member contributions are recognized in the period that the contributions are due. Plan investments are excluded from the financial statements as the fiduciary responsibility for this plan rest with MERS.

Participation in the defined contribution plan is mandatory for all eligible employees. The County contributes 3.0% of each participant's base salary to the plan. Participating employees are immediately 100% vested in the member's accumulated balance. Employees become vested in the employers contribution over a six year period. The plan provisions and contribution amounts were established by the County Board and may be amended by the County Board. The plan is administered by MERS. The County contributions were \$548,301 for the year ended September 30, 2016.

15. CLOSURE AND POST-CLOSURE CARE COST

Landfill Closure and Post-closure Care

State and federal laws and regulations require the County to place a final cover on its Solid Waste and Fly Ash Program landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure costs will be paid only near or after the date that the landfills stop accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each statement of net position date. The \$12.7 million reported as landfill closure and post-closure care liability at September 30, 2016 represents the cumulative amount reported to date based on the use of 78 percent of the estimated capacity of the landfills. The remaining life of the landfill is estimated to be 6 years. The County will recognize the remaining estimated cost of closure and post-closure care of the total \$12.7 million as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2016. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

In accordance with Michigan Department of Environmental Quality requirements, funding for closure and post-closure cost have been assured with two \$1,000,000 letters of credit with a local financial institution and \$2,354,300 held in trust as of September 30, 2016. The County expects that future inflation costs will be paid from interest earnings in the Solid Waste Funds. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology, applicable laws or regulations, for example), these costs may need to be covered by the trust fund set up for this purpose.

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

16. FUND BALANCES - GOVERNMENTAL FUNDS

	General Fund	HealthWest	Nonmajor Governmental Funds	Total
FUND BALANCES, GOVERNMENTAL FUNDS				
Nonspendable:				
Inventories	\$ -	\$ -	\$ 8,856	\$ 8,856
Prepays	29,649	94,509	48,337	172,495
Long-term advances and notes receivable	1,290,619	-	800,000	2,090,619
Permanent fund corpus	-	-	36,812	36,812
Total nonspendable	1,320,268	94,509	894,005	2,308,782
Restricted for:				
Training	100,673	-	-	100,673
Community Mental Health	-	975,006	-	975,006
Accommodation Tax	-	-	549,861	549,861
Grant programs	-	-	23,209	23,209
Forfeited property	-	-	6,454	6,454
Deed Automation Fund	-	-	850,282	850,282
Stormwater Committee	-	-	45,972	45,972
Veterans' Care & Trust	-	-	45,670	45,670
Mental Health Buildings	-	-	100,092	100,092
Victim Restitution	-	-	27,353	27,353
Debt repayment	-	-	177,600	177,600
Capital projects	-	-	59,462	59,462
Total restricted	100,673	975,006	1,885,955	2,961,634
Committed for:				
Parks	-	-	481,204	481,204
Community health improvements	-	-	53,403	53,403
Concealed permits	-	-	51,794	51,794
Capital projects	-	-	399,877	399,877
Total committed	-	-	986,278	986,278
Assigned for:				
Subsequent years budget	627,626	-	-	627,626
Marine Safety	-	-	23,156	23,156
Health Department	-	-	15,469	15,469
Crime Victims' Rights	-	-	1,043	1,043
Capital projects	-	-	251,806	251,806
Total assigned	627,626	-	291,474	919,100
Unassigned (deficit)	8,309,630	-	(1,688)	8,307,942
Total fund balances, government funds	\$ 10,358,197	\$ 1,069,515	\$ 4,056,024	\$ 15,483,736

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

17. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of September 30, 2016, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Capital assets not being depreciated	\$ 5,485,913	\$ 24,357,827	\$ 27,092,822
Capital assets being depreciated, net	84,972,987	139,316,472	46,179,589
	<u>90,458,900</u>	<u>163,674,299</u>	<u>73,272,411</u>
Related debt:			
Total installment debt	61,568,297	107,678,365	1,703,000
Net bond premium	201,711	2,600,239	-
Deferred loss on advance refunding	(92,400)	(434,176)	-
Unexpended bond proceeds	(59,462)	-	-
General obligation tax notes	-	(16,000,000)	-
Bond premium on tax notes	-	(63,720)	-
Bonds payable related to capital lease receivables	-	(22,880,000)	-
Bond premium on capital lease receivables	-	(1,808,673)	-
Deferred loss on advance refunding on capital lease receivables	-	313,035	-
	<u>61,618,146</u>	<u>69,405,070</u>	<u>1,703,000</u>
Net investment in capital assets	<u>\$ 28,840,754</u>	<u>\$ 94,269,229</u>	<u>\$ 71,569,411</u>

18. COMMITMENTS

At September 30, 2016, the County had outstanding commitments of approximately \$1.5 million for a rebuild of the pump station in Montague.

The County is a lessee of office facilities and equipment, as part of operating leases. During fiscal year 2016, the County made payments of \$112,975 under these operating lease agreements. Future minimum lease payments for these leases are as follows:

Year Ended September 30,	Expected Lease Payment
2017	\$ 133,752
2018	133,752
2019	131,969
2020	130,398
2021	128,907
2022-2023	<u>196,893</u>
	<u>\$ 855,671</u>

COUNTY OF MUSKEGON, MICHIGAN

Notes to Financial Statements

19. SPECIAL ITEM

During the current year, the County reevaluated the estimate for accrued closure cost in the Solid Waste enterprise fund related to the County's landfill. As a result of the current year analysis performed, the liability in the Solid Waste fund decreased \$2,277,075. Because this transaction was significant in amount and unusual in nature, it has been reported in the Statement of Revenues, Expenses and Changes in Fund Net Position as a special item.

20. RESTATEMENT

Beginning net position of the business-type activities and the Wastewater enterprise fund was restated (increased) by \$1,098,882 to correct for unbilled receivables and revenue for September 2015 that were omitted from the prior fiscal year. The effect of this correction on the change in net position reported in the prior period was also \$1,098,882.

21. SUBSEQUENT EVENTS

Subsequent to September 30, 2016, the County Drain Commissioner issued a \$100,000 drain note on behalf of the Saxe Drain drainage district, due in one installment plus interest at 1.32% payable December 1, 2017, and a \$270,000 drain note for the Mason Drain drainage district, due in seven annual installments on May 1 of 2018 through 2024 plus semiannual interest at 2.92%. The proceeds of these notes are designated for funding capital improvements and maintenance for these drains and to redeem at maturity the \$70,000 2015 Saxe Drain drainage district drain note.

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REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF MUSKEGON, MICHIGAN

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios – Defined Benefit Plan

	Year Ended September 30	
	2016	2015
MERS Agent Multiple-Employer Defined Benefit Pension Plan - County of Muskegon		
TOTAL PENSION LIABILITY		
Service cost	\$ 3,308,152	\$ 3,712,445
Interest	19,713,939	19,172,131
Differences between expected and actual experience	2,011,308	-
Changes of assumptions	12,726,778	-
Benefit payments and refunds	(16,766,675)	(15,460,228)
Other changes	175	(1,610)
Net change in total pension liability	20,993,677	7,422,738
Total pension liability - beginning	245,686,093	238,263,355
Total pension liability - ending	<u>266,679,770</u>	<u>245,686,093</u>
PLAN FIDUCIARY NET POSITION		
Employer contributions	5,974,000	5,775,708
Employee contributions	1,703,744	1,814,766
Net investment income (loss)	(2,519,393)	10,678,844
Benefit payments and refunds	(16,766,675)	(15,460,228)
Administrative expense	(372,829)	(390,750)
Net change in plan fiduciary net position	(11,981,153)	2,418,340
Plan fiduciary net position - beginning	173,391,073	170,972,733
Plan fiduciary net position - ending	<u>161,409,920</u>	<u>173,391,073</u>
NET PENSION LIABILITY - ENDING	<u>\$ 105,269,850</u>	<u>\$ 72,295,020</u>
Plan fiduciary net position as a percentage of total pension liability	60.5%	70.6%
Covered payroll	\$ 30,232,116	\$ 34,366,135
Net pension liability as a percentage of covered payroll	348.2%	210.4%

The amounts presented for each fiscal year were determined as of December 31 of the preceding year.

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

COUNTY OF MUSKEGON, MICHIGAN

Required Supplementary Information
 Schedule of the Net Pension Liability - Defined Benefit Plan

MERS Agent Multiple-Employer Defined Benefit Pension Plan - County of Muskegon

Fiscal Year Ended September 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as Percentage of Total Pension Liability	Covered Payroll	Net Pension Liability as Percentage of Covered Payroll
2016	\$266,679,770	\$161,409,920	\$105,269,850	60.5%	\$ 30,232,116	348.2%
2015	245,686,093	173,391,073	72,295,020	70.6%	34,366,135	210.4%

The amounts presented for each fiscal year were determined as of December 31 of the preceding year.

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

COUNTY OF MUSKEGON, MICHIGAN

Required Supplementary Information Schedule of Contributions - Defined Benefit Plan

MERS Agent Multiple-Employer Defined Benefit Pension Plan - County of Muskegon

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Covered Payroll
2016	\$ 6,071,499	\$ 6,071,499	\$ -	\$ 29,707,640	20.4%
2015	5,877,765	5,877,765	-	34,318,598	17.1%

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Notes to Schedule of Contributions

Valuation Date Actuarially determined contribution rates are calculated as of the December 31 that is 21 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	10-20 years, depending on division/bargaining unit
Asset valuation method	10-year smooth market
Inflation	2.50%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment and administrative expense including inflation
Retirement age	Age-based table of rates that are specific to the type of eligibility condition. The Normal Retirement rates were first used for the December 31, 2015 actuarial valuations. The Early Retirement rates were first used for the December 31, 2015 actuarial valuations.
Mortality	Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend.
Changes of assumptions	The main assumption and method changes in the most recent actuarial valuation included an adjustment to the mortality table to reflect longer lifetimes, the assumed annual rate of return, net of all expenses, was lowered from 8.0% to 7.75%, and the asset smoothing was changed from 10 to 5 years.

COUNTY OF MUSKEGON, MICHIGAN

Required Supplementary Information Other Postemployment Benefit Plan

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
12/31/2011	\$ 36,117,103	\$ 82,910,467	\$ 46,793,364	43.6%	\$ 36,614,864	127.8%
12/31/2012	40,459,023	82,356,475	41,897,452	49.1%	38,262,533	109.5%
10/01/2014	48,958,231	90,500,533	41,542,302	54.1%	32,178,697	129.1%

Schedule of Employer Contributions

Year Ended September 30,	Annual Required Contributions	Percentage Contributed
2014	\$ 5,383,929	71.0%
2015	5,364,723	35.2%
2016	6,165,636	27.2%

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**COMBINING AND INDIVIDUAL
FUND FINANCIAL STATEMENTS AND SCHEDULES**

COUNTY OF MUSKEGON, MICHIGAN

Schedule of Expenditures by Department

Budget and Actual

GENERAL FUND

For the Year Ended September 30, 2016

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
General government:				
Friend of the Court	\$ 4,617,460	\$ 4,611,019	\$ 4,534,503	\$ (76,516)
Administration	951,297	927,990	903,398	(24,592)
Residential Energy Efficiency Program	1,692,891	719,441	1,163,544	444,103
Elections	184,115	200,434	192,945	(7,489)
Accounting	928,366	865,962	858,581	(7,381)
Corporate Counsel	200,000	426,425	402,097	(24,328)
County Clerk	375,009	391,493	390,904	(589)
Circuit Court Records	525,256	540,794	487,821	(52,973)
Juror Showcase	9,875	7,628	1,749	(5,879)
Equalization	1,435,191	1,449,910	1,410,333	(39,577)
Human Resources	381,247	330,896	320,752	(10,144)
Prosecutor	2,093,287	2,152,797	2,140,231	(12,566)
Register of Deeds	633,423	610,759	576,407	(34,352)
Johnny O. Harris Building	50,007	69,187	62,558	(6,629)
Training Center	52,956	61,990	61,092	(898)
Kenneth L. Brinks Building	18,116	17,432	17,375	(57)
Veterans Center	20,353	18,338	15,808	(2,530)
Stark Hall	12,802	15,139	12,644	(2,495)
Treasurer	547,072	527,919	527,814	(105)
Shady Grove Cemetery	1,998	2,621	2,351	(270)
Cordova Site O&M	1,424	1,912	1,215	(697)
Courthouse and Grounds	1,140,028	1,026,013	936,285	(89,728)
Oak Ave. Building	159,858	153,181	130,072	(23,109)
County Jail Building	150,769	182,324	160,413	(21,911)
Vector Control Building	-	8,350	1,557	(6,793)
Drain Commissioner	368,635	256,069	251,233	(4,836)
Plat Board	700	-	-	-
Vehicle Pool	15,000	15,000	18,259	3,259
State Institutions	276,192	344,734	348,695	3,961
Prosecutor Family Court	248,739	262,807	258,880	(3,927)
Misc Contingency	39,570	1,312,476	1,419,893	107,417
Early Retirement Incentive	120,779	-	-	-
Agnes Potuznik/Wesley Roberts Building	-	5,964	5,770	(194)
Appropriations	-	32,500	32,500	-
Total general government	<u>17,252,415</u>	<u>17,549,504</u>	<u>17,647,679</u>	<u>98,175</u>
Legislative:				
Board of Commissioners	<u>375,892</u>	<u>382,110</u>	<u>373,804</u>	<u>(8,306)</u>

continued...

COUNTY OF MUSKEGON, MICHIGAN

Schedule of Expenditures by Department

Budget and Actual

GENERAL FUND

For the Year Ended September 30, 2016

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Judicial:				
Circuit Court	\$ 1,237,225	\$ 1,334,802	\$ 1,239,877	\$ (94,925)
Circuit Court Collections	145,193	139,193	117,216	(21,977)
District Court	3,325,157	3,329,749	3,269,946	(59,803)
Probation Cobo Hall Tax	183,998	174,904	168,193	(6,711)
District Court Collections	197,493	238,960	238,956	(4)
Law Library	18,912	9,612	7,926	(1,686)
Jury Commission	68,022	56,348	56,189	(159)
Probate Court	810,693	833,344	825,754	(7,590)
Juvenile Court	681,427	678,135	630,913	(47,222)
State Probation	67,703	53,808	53,532	(276)
Public Defender	1,612,378	1,600,508	1,627,938	27,430
Total judicial	<u>8,348,201</u>	<u>8,449,363</u>	<u>8,236,440</u>	<u>(212,923)</u>
Public safety:				
Designated & Pass-thru Revenues	383,254	392,015	392,015	-
Facility Security Services	134,392	155,331	149,916	(5,415)
County Jail Building 2015	638,680	494,295	405,568	(88,727)
Sheriff Operations	3,793,954	3,965,329	3,948,610	(16,719)
Sheriff Administration	519,661	533,710	533,587	(123)
Officer Training Act 302	10,000	10,890	10,818	(72)
Correction Officer Training	60,000	60,000	30,903	(29,097)
Sheriff Jail	6,938,701	6,450,699	6,341,857	(108,842)
Courtroom Security	1,275,506	1,116,913	1,114,542	(2,371)
Vector Control	379,536	389,221	385,328	(3,893)
Total public safety	<u>14,133,684</u>	<u>13,568,403</u>	<u>13,313,144</u>	<u>(255,259)</u>
Cultural:				
MSU Extension	171,308	160,303	162,656	2,353
Fairgrounds Training Center	26,047	7,778	6,260	(1,518)
Total cultural	<u>197,355</u>	<u>168,081</u>	<u>168,916</u>	<u>835</u>
Total expenditures	<u>\$ 40,307,547</u>	<u>\$ 40,117,461</u>	<u>\$ 39,739,983</u>	<u>\$ (377,478)</u>

concluded

COUNTY OF MUSKEGON, MICHIGAN

Schedule of Transfers Out by Function

Budget and Actual

GENERAL FUND

For the Year Ended September 30, 2016

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Transfers out:				
Special Revenue Funds:				
Judicial:				
Sobriety Court	\$ (222,073)	\$ (152,667)	\$ (159,856)	\$ 7,189
Public safety funds	(730,141)	(794,414)	(777,232)	(17,182)
Health, welfare and cultural funds:				
Child care fund	(4,323,995)	(4,700,633)	(4,155,318)	(545,315)
Public health fund	(1,613,717)	(1,453,700)	(1,456,783)	3,083
HealthWest fund	(736,935)	(736,935)	(736,935)	-
Other health, welfare and cultural funds	(12,135)	(10,306)	(6,230)	(4,076)
Internal service funds - Equipment revolving	-	(42,828)	(42,828)	-
Debt service funds	(209,496)	(338,679)	(324,797)	(13,882)
Capital projects funds	-	-	(37,439)	37,439
Enterprise funds:				
Brookhaven Medical Care Facility	(350,000)	(204,078)	(519,000)	314,922
Airport Fund	(497,423)	(497,423)	(520,274)	22,851
Total transfers out	<u>\$ (8,695,915)</u>	<u>\$ (8,931,663)</u>	<u>\$ (8,736,692)</u>	<u>\$ (194,971)</u>

COUNTY OF MUSKEGON, MICHIGAN

Nonmajor Governmental Funds

Special Revenue Funds

Sobriety Court (1170)--to account for monies received by the County from State grants and fees collected to provide substance abuse services to those in the community.

Emergency Services (1190)--to account for monies granted to the County by the State and appropriated from the General Fund for the purpose of maintaining a department to provide essential services during emergency or disaster conditions.

Marine Safety (1200)--to account for monies granted to the County by the Michigan Department of Natural Resources and appropriated from the General Fund for the purpose of establishing a comprehensive marine safety program in the County and to provide sheriff's patrol and protection for the County's Lake Michigan shoreline and inland lakes and waterways.

Port Security (1201)--to account for grant funding appropriated under the U.S. Department of Homeland Security Port Security Grant Program and local matching funds to support maritime transportation infrastructure security activities.

Highway Safety Programs (1210)--to account for monies granted to the county by the state for the purpose of providing additional car miles of traffic safety enforcement, emergency assistance, safety inspection and accident prevention patrol of roads and parks as described in P.A. 416 of 1978.

Township Patrols (1240)--to account for monies received by the County from participating townships to provide enhanced road patrol protection to those geographic areas.

Parks Fund (2080)--to account for monies received by park fees and vehicle permits and County appropriations for operation and administration of all park lands and properties in Muskegon County.

Access & Visitation (2151)--to account for monies granted to the County by the State of Michigan to provide for direct services that support and facilitate noncustodial parents access to and visitation with their children including monitored and therapeutic parenting time and neutral drop off services.

Swift and Sure Sanctions Probation Program (SSSPP) Grant (2153)--to account for state grant funding to support activities pursuing the SSSPP program goals to increase compliance with probation, improve public safety, reduce incarcerations days in the jail and prison system and provide probationers with comprehensive substance and/or mental health services needed for successful completion of probation.

Health Department (2210)--to account for monies received by Muskegon County from federal and state grants. The Health Department is a large complex system servicing county residents by providing numerous programs. Some examples are: environmental health, air pollution, communicable disease, alcohol prevention, dental care, maternity care, family planning, personal health and nurses support.

COUNTY OF MUSKEGON, MICHIGAN

Nonmajor Governmental Funds

Lead Hazard Grant (2212)--to account for program providing services to low-income families who occupy pre-1978 homes throughout Muskegon County. This grant program provides paint inspection and risk assessment, as well as lead hazard control remediation work where necessary. Education and outreach programs with regard to lead poisoning and health housing are also offered.

Community Health Improvement (2217)--to account for donor funds designated to support activities promoting the health of uninsured individuals participating in a community health coverage and health risk management program.

Sustainability Grant (2261)--to account for Michigan Community Pollution Prevention Grant funds awarded by the Michigan Department of Environmental Quality (MDEQ). This grant program helps local governments to implement community sustainability planning and the development of local models and approaches that address local sustainability issues, emissions, and energy challenges.

NOAA Habitat Conservation Grant (2271)--to account for funds granted by the National Oceanic and Atmospheric Administration (NOAA) and local matching funds to support the acquisition of property to be able to restore the wetlands and improve the water quality of Bear Lake over the long term.

Accommodations Tax (2300)--to account for the collection and related expenses connected with a five percent excise tax which is imposed on all persons engaged in the business of providing rooms for transient guests within the County of Muskegon. It has been adopted pursuant to Act No. 263, Public Acts of the State of Michigan, 1974 and an ordinance adopted by the Muskegon County Board of Commissioners on February 20, 1981, as amended.

Parks Development (2411)--to account for monies received from grants and other sources for the improvement and development of the various County Parks.

Economic Development (2450)--to account for grant funds awarded by the Corn Marketing Program of Michigan to study the Port of Muskegon's additional potential for agricultural commodities.

CDBG Housing Grant (2470)--to account for Federal pass-thru funds received to provide repairs and remodeling of homes for low income residents.

COUNTY OF MUSKEGON, MICHIGAN

Nonmajor Governmental Funds

Neighborhood Stabilization Grant (2471)--to account for funds received from the Department of Housing and Urban Development that are used to rehabilitate foreclosed homes in the Oakview School neighborhood in the City of Muskegon and sell the rehabilitated homes to low to moderate income individuals.

Blight Elimination (2550)--to account for grant funding from local municipality and state sources to support activities aimed at residential blight elimination.

Blight Prevention (2555)--to account for donations from private sources to support activities aimed at residential blight prevention.

Deed Automation (2560)--to account for fees collected to enhance and maintain technology in the register of deeds office.

Concealed Pistol Licensing (2630)--to account for the deposit of license-issuance fees charged by the County Clerk relating to criminal record checks performed by the County Sheriff. Under state statute, these CPL funds may be used by Clerk's office for certain staffing costs, technology upgrades, supplies, and document storage and retrieval systems implementation and upgrades.

Community Corrections (2640)--to account for monies granted to the County by the state to provide alternatives such as tethers, bail screening and additional probation and alleviate jail overcrowding problems.

TNT Drug (2671)--to account for proceeds of forfeited property seized in connection with a violation of the controlled substance statutes. These funds are set aside for drug law enforcement.

Prosecutor Drug (2672)--to account for the 10% administrative costs assessed to local municipalities on the proceeds for forfeitures in connection with drug related crimes handled by the Prosecutor's Department.

Special Investigative Fund (2673)--to account for Medical Marijuana Operation and Oversight Grant funds passed through from State of Michigan to support activities of the City of Muskegon and West Michigan Enforcement (WEMET) to support, investigate and educate medical marijuana dispensaries in operation throughout the County.

Crime Victims' Rights (2800)--to account for Federal and State funds received by the County to pay for coordinators to work with and support victims of a crime. The coordinators advise victims of their rights, make referrals to appropriate counseling agencies, if necessary, and acts as a liaison between the victim and the criminal justice system.

Muskegon Area Stormwater Committee (2823)--to account for local municipalities funds for payment to the State for groundwater pollution testing and the permitting of groundwater discharge into local watersheds.

COUNTY OF MUSKEGON, MICHIGAN

Nonmajor Governmental Funds

EDC Loan Revolving (2860)--to account for monies granted from the State of Michigan Department of Commerce to accommodate loans made by the County of Muskegon Economic Development Commission to area businesses for expansion of those businesses.

Rambusch-Ruchs CDBG Grant (2873)--to account for monies from the federal government for use in the construction of a commercial lighting company in the County of Muskegon.

Remonumentation Program (2890)--to account for grants received from the State of Michigan for surveying and reestablishing section corners.

Social Welfare Fund (2910)--to account for the operations of the Muskegon County Department of Human Services state funds for providing assistance in housing, food and child care for the indigent population in Muskegon County. Starting in January 2013 the only remaining costs are Muskegon County DHS Board expenses because at that time the County of Midland Accounting Service Center became fiscal agent to account for these the assistance services.

Child Care Facility Fund (2920)--to account for State grant monies and county appropriations to aid children who need to be placed outside their homes, supporting a centralized care facility for children and the support of foster children in foster care homes.

Veterans Care (2930)--to account for dedicated tax millage funds dedicated to providing assistance to indigent U.S. military veterans and their families at the direction of the County Department of Veterans Affairs.

County Veterans Trust (2940)--to account for monies distributed by the state treasurer from the Michigan Veterans Trust Fund to aid needy U.S. military veterans at the direction of the County Department of Veterans Affairs.

Mental Health Buildings (2970)--to record the revenues received from Hackley Hospital and HealthWest for use in maintaining the HealthWest Building.

Quality of Victim Restitution (2980)--to account for fines from juvenile traffic offenders and used to repay victims for property damaged by those juveniles.

COUNTY OF MUSKEGON, MICHIGAN

Nonmajor Governmental Funds

Debt Service Funds

2015 Capital Improvement Bonds (3010)--to account for the accumulation of resources and the payment of general long-term debt principal and interest associated with the governmental funds projects, including Union Depot renovations and Heritage Landing improvements.

Quality of Life Debt (3111)--to account for the accumulation of resources and the payment of general long-term debt principal and interest associated with the Frauenthal Center and Walker Arena renovations.

Hall of Justice Debt (3130)--to account for the accumulation of resources and the payment of general long-term debt principal and interest associated with the Hall of Justice.

CMH Building (3140)--to account for the accumulation of resources and the payment of general long-term debt principal and interest associated with the CMH building.

Jail & Juvenile Transition Center (3660)--to account for the accumulation of resources and the payment of general long-term debt principal and interest associated with the Jail & Juvenile Transition Center (JTC) building project.

Capital Projects Funds

Capital Projects (4010)--to account for revenue and expenditures associated with capital outlays relating to governmental funds projects authorized by the 2015 Capital Improvement Bonds. (Activities of proprietary fund projects funded by these bonds are recorded in the appropriate proprietary fund.)

Heritage Landing Development (4180)--to account for revenue and expenditures associated with the addition and improvement of Heritage Landing.

Jail/JTC Building (4660)--to account for revenue and expenditures for construction of a Jail and Juvenile Transition Center.

Public Improvement (4930)--established by appropriation from the County's General Fund for future general projects developed according to the County's capital improvement budgeting program. While its use is intended for capital improvements, it is not restricted to that purpose.

Capital Improvement (4960)--to account for resources used for the acquisition of capital facilities. Its purpose is to accumulate funds to finance, entirely or partially, capital projects from resources other than bond indebtedness.

Permanent Fund

Cemetery Trust (1500)--to account for monies earned and expended on the flower maintenance of Cemetery plots in County maintained cemeteries.

COUNTY OF MUSKEGON, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2016

	Special Revenue Funds						
	Sobriety Court (1170)	Emergency Services (1190)	Marine Safety (1200)	Port Security (1201)	Highway Safety Programs (1210)	Township Patrols (1240)	Park Fund (2080)
ASSETS							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 528,722
Receivables, net:							
Accounts	-	8,635	-	-	-	-	-
Due from other governments	35,489	11,752	62,325	103,033	66,433	22,587	-
Long-term notes	-	-	-	-	-	-	-
Prepaid and other items	-	1,688	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Total assets	<u>\$ 35,489</u>	<u>\$ 22,075</u>	<u>\$ 62,325</u>	<u>\$ 103,033</u>	<u>\$ 66,433</u>	<u>\$ 22,587</u>	<u>\$ 528,722</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Negative equity in pooled cash	\$ 11,352	\$ 6,659	\$ 30,778	\$ 103,013	\$ 47,793	\$ 12,294	\$ -
Payables:							
Accounts payable	15,281	8,894	1,738	-	6,802	52	32,978
Due to other governments	959	-	-	20	-	-	-
Accrued liabilities	7,897	6,522	6,653	-	10,838	6,869	14,540
Unearned revenue	-	-	-	-	1,000	3,372	-
Total liabilities	<u>35,489</u>	<u>22,075</u>	<u>39,169</u>	<u>103,033</u>	<u>66,433</u>	<u>22,587</u>	<u>47,518</u>
Fund balances:							
Nonspendable	-	1,688	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	481,204
Assigned	-	-	23,156	-	-	-	-
Unassigned (deficit)	-	(1,688)	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>23,156</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>481,204</u>
Total liabilities and fund balances	<u>\$ 35,489</u>	<u>\$ 22,075</u>	<u>\$ 62,325</u>	<u>\$ 103,033</u>	<u>\$ 66,433</u>	<u>\$ 22,587</u>	<u>\$ 528,722</u>

Special Revenue Funds

Access & Visitation (2151)	SSSPP Grant (2153)	Health Department (2210)	Lead Hazard Grant (2212)	Community Health Improvement (2217)	Sustainability Grant (2261)	NOAA Habitat Conservation Grant (2271)	Accommodations Tax (2300)	Parks Development (2411)	Economic Development (2450)
\$ 30	\$ -	\$ 184,835	\$ -	\$ 54,019	\$ -	\$ -	\$ 455,794	\$ -	\$ 17,500
-	-	28,333	-	53,162	-	2,884	119,777	-	-
500	26,793	132,177	91,143	-	18,740	-	-	3,771	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	25,000	-	-
-	-	8,856	-	-	-	-	-	-	-
<u>\$ 530</u>	<u>\$ 26,793</u>	<u>\$ 354,201</u>	<u>\$ 91,143</u>	<u>\$ 107,181</u>	<u>\$ 18,740</u>	<u>\$ 2,884</u>	<u>\$ 600,571</u>	<u>\$ 3,771</u>	<u>\$ 17,500</u>
\$ -	\$ 25,660	\$ -	\$ 11,020	\$ -	\$ 4,353	\$ 1,539	\$ -	\$ 3,633	\$ -
500	1,133	78,962	16,198	53,778	4,667	-	11,495	-	-
-	-	52,943	-	-	-	-	-	-	-
-	-	188,141	2,917	-	-	1,339	14,215	138	-
-	-	9,830	61,008	-	9,720	-	-	-	17,500
<u>500</u>	<u>26,793</u>	<u>329,876</u>	<u>91,143</u>	<u>53,778</u>	<u>18,740</u>	<u>2,878</u>	<u>25,710</u>	<u>3,771</u>	<u>17,500</u>
-	-	8,856	-	-	-	-	25,000	-	-
30	-	-	-	-	-	6	549,861	-	-
-	-	-	-	53,403	-	-	-	-	-
-	-	15,469	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
<u>30</u>	<u>-</u>	<u>24,325</u>	<u>-</u>	<u>53,403</u>	<u>-</u>	<u>6</u>	<u>574,861</u>	<u>-</u>	<u>-</u>
<u>\$ 530</u>	<u>\$ 26,793</u>	<u>\$ 354,201</u>	<u>\$ 91,143</u>	<u>\$ 107,181</u>	<u>\$ 18,740</u>	<u>\$ 2,884</u>	<u>\$ 600,571</u>	<u>\$ 3,771</u>	<u>\$ 17,500</u>

continued...

COUNTY OF MUSKEGON, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2016

	Special Revenue Funds						
	CDBG Housing Grant (2470)	Neighborhood Stabilization Grant (2471)	Blight Elimination (2550)	Blight Prevention (2555)	Deed Automation (2560)	Concealed Pistol Licensing (2630)	Community Corrections (2640)
ASSETS							
Cash and investments	\$ 23,173	\$ 64,282	\$ -	\$ 30,000	\$ 852,818	\$ 51,794	\$ 5,966
Receivables, net:							
Accounts	-	-	720	-	-	-	-
Due from other governments	-	-	720,556	-	-	-	7,617
Long-term notes	-	-	-	-	-	-	-
Prepaid and other items	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Total assets	<u>\$ 23,173</u>	<u>\$ 64,282</u>	<u>\$ 721,276</u>	<u>\$ 30,000</u>	<u>\$ 852,818</u>	<u>\$ 51,794</u>	<u>\$ 13,583</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Negative equity in pooled cash	\$ -	\$ -	\$ 215,120	\$ -	\$ -	\$ -	\$ -
Payables:							
Accounts payable	-	-	506,156	-	109	-	3,711
Due to other governments	-	64,282	-	-	-	-	270
Accrued liabilities	-	-	-	-	2,427	-	9,602
Unearned revenue	-	-	-	30,000	-	-	-
Total liabilities	<u>-</u>	<u>64,282</u>	<u>721,276</u>	<u>30,000</u>	<u>2,536</u>	<u>-</u>	<u>13,583</u>
Fund balances:							
Nonspendable	-	-	-	-	-	-	-
Restricted	23,173	-	-	-	850,282	-	-
Committed	-	-	-	-	-	51,794	-
Assigned	-	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-	-
Total fund balances	<u>23,173</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>850,282</u>	<u>51,794</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 23,173</u>	<u>\$ 64,282</u>	<u>\$ 721,276</u>	<u>\$ 30,000</u>	<u>\$ 852,818</u>	<u>\$ 51,794</u>	<u>\$ 13,583</u>

Special Revenue Funds

TNT Drug (2671)	Prosecutor Drug (2672)	Special Investigative Fund (2673)	Crime Victims' Rights (2800)	Muskegon Area Stormwater Committee (2823)	EDC Loan Revolving (2860)	Rambusch - Ruchs CDBG Grant (2873)	Remonumentation Program (2890)	Social Welfare (2910)	Child Care Facility (2920)
\$ 4,904	\$ 1,550	\$ -	\$ -	\$ 49,192	\$ -	\$ -	\$ 12,327	\$ 18,772	\$ -
-	-	-	-	-	-	-	-	-	13,839
-	-	-	66,771	-	-	-	-	-	1,581,380
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	21,649
-	-	-	-	-	-	-	-	-	-
<u>\$ 4,904</u>	<u>\$ 1,550</u>	<u>\$ -</u>	<u>\$ 66,771</u>	<u>\$ 49,192</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,327</u>	<u>\$ 18,772</u>	<u>\$ 1,616,868</u>
\$ -	\$ -	\$ -	\$ 57,390	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 847,498
-	-	-	351	3,220	-	-	320	18,772	640,299
-	-	-	-	-	-	-	-	-	-
-	-	-	7,987	-	-	-	-	-	107,422
-	-	-	-	-	-	-	12,007	-	-
-	-	-	65,728	3,220	-	-	12,327	18,772	1,595,219
-	-	-	-	-	-	-	-	-	21,649
4,904	1,550	-	-	45,972	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	1,043	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
<u>4,904</u>	<u>1,550</u>	<u>-</u>	<u>1,043</u>	<u>45,972</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,649</u>
<u>\$ 4,904</u>	<u>\$ 1,550</u>	<u>\$ -</u>	<u>\$ 66,771</u>	<u>\$ 49,192</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,327</u>	<u>\$ 18,772</u>	<u>\$ 1,616,868</u>

continued...

COUNTY OF MUSKEGON, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2016

	Special Revenue Funds				Debt Service Funds		
	Veteran's Care (2930)	Veteran's Trust (2940)	Mental Health Buildings (2970)	Quality of Victim Restitution (2980)	2015 Capital Improvement Bonds (3010)	Quality of Life Debt (3111)	Hall of Justice Debt (3130)
ASSETS							
Cash and investments	\$ 43,955	\$ 2,325	\$ 108,984	\$ 27,353	\$ -	\$ 54,566	\$ -
Receivables, net:							
Accounts	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Long-term notes	-	-	-	-	-	-	-
Prepaid and other items	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Total assets	<u>\$ 43,955</u>	<u>\$ 2,325</u>	<u>\$ 108,984</u>	<u>\$ 27,353</u>	<u>\$ -</u>	<u>\$ 54,566</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Negative equity in pooled cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payables:							
Accounts payable	610	-	8,373	-	-	300	-
Due to other governments	-	-	-	-	-	-	-
Accrued liabilities	-	-	519	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	<u>610</u>	<u>-</u>	<u>8,892</u>	<u>-</u>	<u>-</u>	<u>300</u>	<u>-</u>
Fund balances:							
Nonspendable	-	-	-	-	-	-	-
Restricted	43,345	2,325	100,092	27,353	-	54,266	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-	-
Total fund balances	<u>43,345</u>	<u>2,325</u>	<u>100,092</u>	<u>27,353</u>	<u>-</u>	<u>54,266</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 43,955</u>	<u>\$ 2,325</u>	<u>\$ 108,984</u>	<u>\$ 27,353</u>	<u>\$ -</u>	<u>\$ 54,566</u>	<u>\$ -</u>

Debt Service Funds		Capital Projects Funds					Permanent Fund	
CMH Building (3140)	Jail & Juvenile Transition Center (3660)	Capital Projects (4010)	Heritage Landing Development (4180)	Jail / JTC Building (4660)	Public Improvement (4930)	Capital Improvement (4960)	Cemetery Trust (1500)	Total
\$ 123,334	\$ 59,462	\$ 337,128	\$ -	\$ 261,402	\$ 128,044	\$ -	\$ 36,812	\$ 3,539,043
-	-	-	-	-	-	-	-	227,350
-	-	-	150,800	-	-	-	-	3,101,867
-	-	-	-	-	525,000	300,000	-	825,000
-	-	-	-	-	-	-	-	48,337
-	-	-	-	-	-	-	-	8,856
<u>\$ 123,334</u>	<u>\$ 59,462</u>	<u>\$ 337,128</u>	<u>\$ 150,800</u>	<u>\$ 261,402</u>	<u>\$ 653,044</u>	<u>\$ 300,000</u>	<u>\$ 36,812</u>	<u>\$ 7,750,453</u>
\$ -	\$ -	\$ -	\$ 21,349	\$ -	\$ -	\$ -	\$ -	\$ 1,399,451
-	-	125,822	88,951	12,365	2,204	-	-	1,644,041
-	-	-	-	-	-	-	-	118,474
-	-	-	-	-	-	-	-	388,026
-	-	-	-	-	-	-	-	144,437
-	-	<u>125,822</u>	<u>110,300</u>	<u>12,365</u>	<u>2,204</u>	-	-	<u>3,694,429</u>
-	-	-	-	-	500,000	300,000	36,812	894,005
123,334	59,462	-	-	-	-	-	-	1,885,955
-	-	-	-	249,037	150,840	-	-	986,278
-	-	211,306	40,500	-	-	-	-	291,474
-	-	-	-	-	-	-	-	(1,688)
<u>123,334</u>	<u>59,462</u>	<u>211,306</u>	<u>40,500</u>	<u>249,037</u>	<u>650,840</u>	<u>300,000</u>	<u>36,812</u>	<u>4,056,024</u>
<u>\$ 123,334</u>	<u>\$ 59,462</u>	<u>\$ 337,128</u>	<u>\$ 150,800</u>	<u>\$ 261,402</u>	<u>\$ 653,044</u>	<u>\$ 300,000</u>	<u>\$ 36,812</u>	<u>\$ 7,750,453</u>

concluded

COUNTY OF MUSKEGON, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended September 30, 2016

	Special Revenue Funds						
	Sobriety Court (1170)	Emergency Services (1190)	Marine Safety (1200)	Port Security (1201)	Highway Safety Programs (1210)	Township Patrols (1240)	Park Fund (2080)
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and contributions:							
Federal	42,000	173,194	-	153,034	72,009	-	-
State	75,557	-	82,149	-	147,870	-	-
Local	-	-	-	-	-	105,984	-
Charges for services	97,609	-	-	-	-	-	838,556
Investment income	-	-	-	-	-	-	2,682
Rentals	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total revenues	<u>215,166</u>	<u>173,194</u>	<u>82,149</u>	<u>153,034</u>	<u>219,879</u>	<u>105,984</u>	<u>841,238</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Judicial	375,021	-	-	-	-	-	-
Public safety	-	328,973	196,160	-	325,949	211,968	-
Health	-	-	-	-	-	-	-
Welfare	-	-	-	-	-	-	-
Cultural	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	632,316
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Capital outlay	-	87,897	-	153,034	-	-	-
Total expenditures	<u>375,021</u>	<u>416,870</u>	<u>196,160</u>	<u>153,034</u>	<u>325,949</u>	<u>211,968</u>	<u>632,316</u>
Revenues over (under) expenditures	<u>(159,855)</u>	<u>(243,676)</u>	<u>(114,011)</u>	<u>-</u>	<u>(106,070)</u>	<u>(105,984)</u>	<u>208,922</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	159,855	243,676	109,998	-	106,070	105,984	-
Transfers out	-	-	-	-	-	-	(2,712)
Total other financing sources (uses)	<u>159,855</u>	<u>243,676</u>	<u>109,998</u>	<u>-</u>	<u>106,070</u>	<u>105,984</u>	<u>(2,712)</u>
Net change in fund balances	-	-	(4,013)	-	-	-	206,210
Fund balances, beginning of year	-	-	27,169	-	-	-	274,994
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,156</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 481,204</u>

Special Revenue Funds

Access & Visitation (2151)	SSSPP Grant (2153)	Health Department (2210)	Lead Hazard Grant (2212)	Community Health Improvement (2217)	Sustainability Grant (2261)	NOAA Habitat Conservation Grant (2271)	Accommodations Tax (2300)	Parks Development (2411)	Economic Development (2450)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,207,817	\$ -	\$ -
4,075	-	1,788,293	287,051	-	-	367,399	-	-	-
-	237,563	1,533,803	-	-	18,740	-	-	2,712	-
-	-	10	99,027	-	10,280	5,688	1,000	-	5,000
-	-	677,554	-	738,183	-	-	102,310	-	-
-	-	369	-	577	-	-	3,928	-	-
-	-	-	-	-	-	-	4,080	-	-
-	-	73,165	653	-	-	-	6,970	-	-
4,075	237,563	4,073,194	386,731	738,760	29,020	373,087	1,326,105	2,712	5,000
-	-	-	-	685,357	-	-	1,214,819	-	5,000
4,075	-	-	-	-	-	-	-	-	-
-	242,158	-	-	-	-	-	-	-	-
-	-	5,529,979	386,731	-	-	373,087	-	-	-
-	-	-	-	-	29,020	-	-	-	-
-	-	-	-	-	-	-	-	5,424	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	132,544	-	-
4,075	242,158	5,529,979	386,731	685,357	29,020	373,087	1,347,363	5,424	5,000
-	(4,595)	(1,456,785)	-	53,403	-	-	(21,258)	(2,712)	-
-	4,595	1,456,784	-	-	-	-	-	2,712	-
-	-	-	-	-	-	-	(182,564)	-	-
-	4,595	1,456,784	-	-	-	-	(182,564)	2,712	-
-	-	(1)	-	53,403	-	-	(203,822)	-	-
30	-	24,326	-	-	-	6	778,683	-	-
\$ 30	\$ -	\$ 24,325	\$ -	\$ 53,403	\$ -	\$ 6	\$ 574,861	\$ -	\$ -

continued...

COUNTY OF MUSKEGON, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended September 30, 2016

	Special Revenue Funds						
	CDBG Housing Grant (2470)	Neighborhood Stabilization Grant (2471)	Blight Elimination (2550)	Blight Prevention (2555)	Deed Automation (2560)	Concealed Pistol Licensing (2630)	Community Corrections (2640)
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and contributions:							
Federal	-	35,326	-	-	-	-	-
State	-	-	1,446,483	-	-	-	156,989
Local	-	-	69,140	-	-	-	-
Charges for services	-	-	-	-	165,535	-	10,700
Investment income	30	361	-	-	7,243	246	-
Rentals	-	-	-	-	-	-	-
Other	13,495	4,842	-	-	-	61,959	429
Total revenues	<u>13,525</u>	<u>40,529</u>	<u>1,515,623</u>	<u>-</u>	<u>172,778</u>	<u>62,205</u>	<u>168,118</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	464,627	23,983	-
Judicial	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	339,747
Health	-	-	-	-	-	-	-
Welfare	2,662	40,529	1,515,623	-	-	-	-
Cultural	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	415	-	-
Total expenditures	<u>2,662</u>	<u>40,529</u>	<u>1,515,623</u>	<u>-</u>	<u>465,042</u>	<u>23,983</u>	<u>339,747</u>
Revenues over (under) expenditures	<u>10,863</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(292,264)</u>	<u>38,222</u>	<u>(171,629)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	171,629
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>171,629</u>
Net change in fund balances	10,863	-	-	-	(292,264)	38,222	-
Fund balances, beginning of year	12,310	-	-	-	1,142,546	13,572	-
Fund balances, end of year	<u>\$ 23,173</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 850,282</u>	<u>\$ 51,794</u>	<u>\$ -</u>

Special Revenue Funds									
TNT Drug (2671)	Prosecutor Drug (2672)	Special Investigative Fund (2673)	Crime Victims' Rights (2800)	Muskegon Area Stormwater Committee (2823)	EDC Loan Revolving (2860)	Rambusch - Ruchs CDBG Grant (2873)	Remonumentation Program (2890)	Social Welfare (2910)	Child Care Facility (2920)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	50,607	-	-	-	-	-	50,752
-	-	32,851	195,604	-	-	-	59,208	-	3,911,085
-	-	-	210	50,000	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	322,021
-	-	32,851	246,421	50,000	-	-	59,208	-	4,283,858
-	-	-	-	23,179	18,549	-	-	-	-
-	-	-	-	-	-	-	-	-	-
109	40	32,851	281,715	-	-	-	-	-	-
-	-	-	-	-	-	-	-	5,795	8,417,527
-	-	-	-	-	-	-	59,643	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
109	40	32,851	281,715	23,179	18,549	-	59,643	5,795	8,417,527
(109)	(40)	-	(35,294)	26,821	(18,549)	-	(435)	(5,795)	(4,133,669)
-	-	-	35,280	-	3,549	-	435	5,795	4,155,318
-	-	-	-	-	-	(3,549)	-	-	-
-	-	-	35,280	-	3,549	(3,549)	435	5,795	4,155,318
(109)	(40)	-	(14)	26,821	(15,000)	(3,549)	-	-	21,649
5,013	1,590	-	1,057	19,151	15,000	3,549	-	-	-
\$ 4,904	\$ 1,550	\$ -	\$ 1,043	\$ 45,972	\$ -	\$ -	\$ -	\$ -	\$ 21,649

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COUNTY OF MUSKEGON, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended September 30, 2016

	Special Revenue Fund				Debt Service Funds		
	Veteran's Care (2930)	Veteran's Trust (2940)	Mental Health Buildings (2970)	Quality of Victim Restitution (2980)	2015 Capital Improvement Bonds (3010)	Quality of Life Debt (3111)	Hall of Justice Debt (3130)
REVENUES							
Taxes	\$ 292,971	\$ -	\$ -	\$ -	\$ -	\$ 1,026,772	\$ -
Grants and contributions:							
Federal	-	-	-	-	-	-	-
State	15,000	26,534	-	-	-	-	-
Local	-	-	-	-	-	-	-
Charges for services	-	-	-	821	-	-	-
Investment income	689	-	844	226	-	6,354	-
Rentals	-	-	366,321	-	-	-	-
Other	-	-	-	-	-	-	-
Total revenues	<u>308,660</u>	<u>26,534</u>	<u>367,165</u>	<u>1,047</u>	<u>-</u>	<u>1,033,126</u>	<u>-</u>
EXPENDITURES							
Current:							
General government	-	-	-	5,079	-	-	760
Judicial	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Health	-	-	346,417	-	-	-	-
Welfare	320,695	25,092	-	-	-	-	-
Cultural	-	-	-	-	-	2,737	-
Recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	1,220,000	430,000
Interest and fiscal charges	-	-	-	-	27,635	42,700	94,697
Capital outlay	8,219	-	-	-	-	-	-
Total expenditures	<u>328,914</u>	<u>25,092</u>	<u>346,417</u>	<u>5,079</u>	<u>27,635</u>	<u>1,265,437</u>	<u>525,457</u>
Revenues over (under) expenditures	<u>(20,254)</u>	<u>1,442</u>	<u>20,748</u>	<u>(4,032)</u>	<u>(27,635)</u>	<u>(232,311)</u>	<u>(525,457)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	27,635	-	525,457
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,635</u>	<u>-</u>	<u>525,457</u>
Net change in fund balances	<u>(20,254)</u>	<u>1,442</u>	<u>20,748</u>	<u>(4,032)</u>	<u>-</u>	<u>(232,311)</u>	<u>-</u>
Fund balances, beginning of year	63,599	883	79,344	31,385	-	286,577	-
Fund balances, end of year	<u>\$ 43,345</u>	<u>\$ 2,325</u>	<u>\$ 100,092</u>	<u>\$ 27,353</u>	<u>\$ -</u>	<u>\$ 54,266</u>	<u>\$ -</u>

Debt Service Funds		Capital Projects Funds					Permanent Fund	
CMH Building (3140)	Jail & Juvenile Transition Center (3660)	Capital Projects (4010)	Heritage Landing Development (4180)	Jail / JTC Building (4660)	Public Improvement (4930)	Capital Improvement (4960)	Cemetery Trust (1500)	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,527,560
-	-	-	-	-	-	-	-	3,023,740
-	-	-	150,800	-	-	-	-	8,092,948
-	-	-	-	-	-	-	-	346,339
-	-	-	-	-	-	-	-	2,631,268
369	3,774	-	-	6,055	615	-	142	34,504
502,802	-	-	-	-	12,500	-	-	885,703
-	-	-	-	-	-	-	-	483,534
<u>503,171</u>	<u>3,774</u>	<u>-</u>	<u>150,800</u>	<u>6,055</u>	<u>13,115</u>	<u>-</u>	<u>142</u>	<u>18,025,596</u>
-	712	-	-	-	-	-	277	2,442,342
-	-	-	-	-	-	-	-	379,096
-	-	-	-	-	-	-	-	1,959,670
2,036	-	-	-	-	-	-	-	15,061,572
-	-	-	-	-	-	-	-	1,933,621
-	-	-	-	-	-	-	-	67,804
-	-	-	-	-	-	-	-	632,316
190,000	-	-	-	-	-	-	-	1,840,000
316,856	1,847,824	-	-	-	-	-	-	2,329,712
-	-	1,414,704	320,083	1,055,967	14,990	-	-	3,187,853
<u>508,892</u>	<u>1,848,536</u>	<u>1,414,704</u>	<u>320,083</u>	<u>1,055,967</u>	<u>14,990</u>	<u>-</u>	<u>277</u>	<u>29,833,986</u>
<u>(5,721)</u>	<u>(1,844,762)</u>	<u>(1,414,704)</u>	<u>(169,283)</u>	<u>(1,049,912)</u>	<u>(1,875)</u>	<u>-</u>	<u>(135)</u>	<u>(11,808,390)</u>
-	-	690,884	153,557	-	-	-	-	7,959,213
-	-	-	-	-	-	-	-	(188,825)
-	-	<u>690,884</u>	<u>153,557</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,770,388</u>
(5,721)	(1,844,762)	(723,820)	(15,726)	(1,049,912)	(1,875)	-	(135)	(4,038,002)
129,055	1,904,224	935,126	56,226	1,298,949	652,715	300,000	36,947	8,094,026
<u>\$ 123,334</u>	<u>\$ 59,462</u>	<u>\$ 211,306</u>	<u>\$ 40,500</u>	<u>\$ 249,037</u>	<u>\$ 650,840</u>	<u>\$ 300,000</u>	<u>\$ 36,812</u>	<u>\$ 4,056,024</u>

concluded

COUNTY OF MUSKEGON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 Nonmajor Special Revenue Funds
 For the Year Ended September 30, 2016

	Sobriety Court (1170)			Emergency Services (1190)		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and contributions:						
Federal	42,000	42,000	-	234,717	173,194	(61,523)
State	96,591	75,557	(21,034)	-	-	-
Local	-	-	-	-	-	-
Charges for services	105,000	97,609	(7,391)	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Investment income	-	-	-	215	-	(215)
Rentals	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>243,591</u>	<u>215,166</u>	<u>(28,425)</u>	<u>234,932</u>	<u>173,194</u>	<u>(61,738)</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Judicial	396,258	375,021	(21,237)	-	-	-
Public safety	-	-	-	335,157	328,973	(6,184)
Health	-	-	-	-	-	-
Welfare	-	-	-	-	-	-
Cultural	-	-	-	-	-	-
Recreation	-	-	-	-	-	-
Capital outlay	-	-	-	164,917	87,897	(77,020)
Total expenditures	<u>396,258</u>	<u>375,021</u>	<u>(21,237)</u>	<u>500,074</u>	<u>416,870</u>	<u>(83,204)</u>
Revenues over (under) expenditures	<u>(152,667)</u>	<u>(159,855)</u>	<u>(7,188)</u>	<u>(265,142)</u>	<u>(243,676)</u>	<u>21,466</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	152,667	159,855	7,188	265,142	243,676	(21,466)
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>152,667</u>	<u>159,855</u>	<u>7,188</u>	<u>265,142</u>	<u>243,676</u>	<u>(21,466)</u>
Net change in fund balances	-	-	-	-	-	-
Fund balances, beginning of year	-	-	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Marine Safety (1200)			Port Security (1201)			Highway Safety Programs (1210)		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	153,037	153,034	(3)	77,499	72,009	(5,490)
83,150	82,149	(1,001)	-	-	-	147,870	147,870	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
83,150	82,149	(1,001)	153,037	153,034	(3)	225,369	219,879	(5,490)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
204,152	196,160	(7,992)	-	-	-	329,559	325,949	(3,610)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	153,037	153,034	(3)	-	-	-
204,152	196,160	(7,992)	153,037	153,034	(3)	329,559	325,949	(3,610)
(121,002)	(114,011)	6,991	-	-	-	(104,190)	(106,070)	(1,880)
116,989	109,998	(6,991)	-	-	-	104,190	106,070	1,880
-	-	-	-	-	-	-	-	-
116,989	109,998	(6,991)	-	-	-	104,190	106,070	1,880
(4,013)	(4,013)	-	-	-	-	-	-	-
27,169	27,169	-	-	-	-	-	-	-
\$ 23,156	\$ 23,156	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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COUNTY OF MUSKEGON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual Nonmajor Special Revenue Funds For the Year Ended September 30, 2016

	Township Patrols (1240)			Park Fund (2080)		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and contributions:						
Federal	-	-	-	-	-	-
State	-	-	-	-	-	-
Local	108,405	105,984	(2,421)	-	-	-
Charges for services	-	-	-	695,646	838,556	142,910
Fines and forfeitures	-	-	-	-	-	-
Investment income	-	-	-	1,900	2,682	782
Rentals	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>108,405</u>	<u>105,984</u>	<u>(2,421)</u>	<u>697,546</u>	<u>841,238</u>	<u>143,692</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Public safety	216,810	211,968	(4,842)	-	-	-
Health	-	-	-	-	-	-
Welfare	-	-	-	-	-	-
Cultural	-	-	-	-	-	-
Recreation	-	-	-	682,331	632,316	(50,015)
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>216,810</u>	<u>211,968</u>	<u>(4,842)</u>	<u>682,331</u>	<u>632,316</u>	<u>(50,015)</u>
Revenues over (under) expenditures	<u>(108,405)</u>	<u>(105,984)</u>	<u>2,421</u>	<u>15,215</u>	<u>208,922</u>	<u>193,707</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	108,405	105,984	(2,421)	-	-	-
Transfers out	-	-	-	(51,611)	(2,712)	(48,899)
Total other financing sources (uses)	<u>108,405</u>	<u>105,984</u>	<u>(2,421)</u>	<u>(51,611)</u>	<u>(2,712)</u>	<u>(48,899)</u>
Net change in fund balances	-	-	-	(36,396)	206,210	242,606
Fund balances, beginning of year	-	-	-	274,994	274,994	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 238,598</u>	<u>\$ 481,204</u>	<u>\$ 242,606</u>

Access & Visitation (2151)			SSSPP Grant (2153)			Health Department (2210)		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3,500	4,075	575	-	-	-	1,643,162	1,788,293	145,131
-	-	-	272,608	237,563	(35,045)	1,496,643	1,533,803	37,160
-	-	-	-	-	-	10	10	-
-	-	-	-	-	-	660,416	677,554	17,138
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	321	369	48
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	72,455	73,165	710
<u>3,500</u>	<u>4,075</u>	<u>575</u>	<u>272,608</u>	<u>237,563</u>	<u>(35,045)</u>	<u>3,873,007</u>	<u>4,073,194</u>	<u>200,187</u>
-	-	-	-	-	-	-	-	-
3,500	4,075	575	-	-	-	-	-	-
-	-	-	279,060	242,158	(36,902)	-	-	-
-	-	-	-	-	-	5,326,706	5,529,979	203,273
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>3,500</u>	<u>4,075</u>	<u>575</u>	<u>279,060</u>	<u>242,158</u>	<u>(36,902)</u>	<u>5,326,706</u>	<u>5,529,979</u>	<u>203,273</u>
-	-	-	(6,452)	(4,595)	1,857	(1,453,699)	(1,456,785)	(3,086)
-	-	-	6,452	4,595	(1,857)	1,453,700	1,456,784	3,084
-	-	-	-	-	-	-	-	-
-	-	-	<u>6,452</u>	<u>4,595</u>	<u>(1,857)</u>	<u>1,453,700</u>	<u>1,456,784</u>	<u>3,084</u>
-	-	-	-	-	-	1	(1)	(2)
30	30	-	-	-	-	24,326	24,326	-
<u>\$ 30</u>	<u>\$ 30</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,327</u>	<u>\$ 24,325</u>	<u>\$ (2)</u>

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COUNTY OF MUSKEGON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 Nonmajor Special Revenue Funds
 For the Year Ended September 30, 2016

	Lead Hazard Grant (2212)			Community Health Improvement (2217)		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and contributions:						
Federal	689,822	287,051	(402,771)	-	-	-
State	-	-	-	-	-	-
Local	161,035	99,027	(62,008)	-	-	-
Charges for services	-	-	-	700,000	738,183	38,183
Fines and forfeitures	-	-	-	-	-	-
Investment income	-	-	-	700	577	(123)
Rentals	-	-	-	-	-	-
Other	-	653	653	-	-	-
Total revenues	<u>850,857</u>	<u>386,731</u>	<u>(464,126)</u>	<u>700,700</u>	<u>738,760</u>	<u>38,060</u>
EXPENDITURES						
Current:						
General government	-	-	-	700,700	685,357	(15,343)
Judicial	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health	850,857	386,731	(464,126)	-	-	-
Welfare	-	-	-	-	-	-
Cultural	-	-	-	-	-	-
Recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>850,857</u>	<u>386,731</u>	<u>(464,126)</u>	<u>700,700</u>	<u>685,357</u>	<u>(15,343)</u>
Revenues over (under) expenditures	-	-	-	-	53,403	53,403
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-	53,403	53,403
Fund balances, beginning of year	-	-	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,403</u>	<u>\$ 53,403</u>

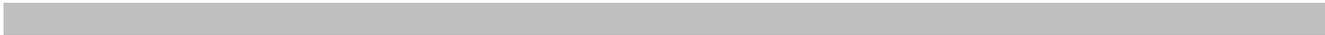
Sustainability Grant (2261)			NOAA Habitat Conservation Grant (2271)			Accommodations Tax (2300)		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,100,000	\$ 1,207,817	\$ 107,817
-	-	-	355,853	367,399	11,546	-	-	-
24,000	18,740	(5,260)	-	-	-	-	-	-
20,000	10,280	(9,720)	-	5,688	5,688	-	1,000	1,000
-	-	-	-	-	-	111,180	102,310	(8,870)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	3,800	3,928	128
-	-	-	-	-	-	7,500	4,080	(3,420)
-	-	-	-	-	-	100	6,970	6,870
<u>44,000</u>	<u>29,020</u>	<u>(14,980)</u>	<u>355,853</u>	<u>373,087</u>	<u>17,234</u>	<u>1,222,580</u>	<u>1,326,105</u>	<u>103,525</u>
-	-	-	-	-	-	1,307,994	1,214,819	(93,175)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	355,853	373,087	17,234	-	-	-
44,000	29,020	(14,980)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	132,544	132,544	-
<u>44,000</u>	<u>29,020</u>	<u>(14,980)</u>	<u>355,853</u>	<u>373,087</u>	<u>17,234</u>	<u>1,440,538</u>	<u>1,347,363</u>	<u>(93,175)</u>
-	-	-	-	-	-	(217,958)	(21,258)	196,700
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	(178,363)	(182,564)	4,201
-	-	-	-	-	-	(178,363)	(182,564)	4,201
-	-	-	-	-	-	(396,321)	(203,822)	192,499
-	-	-	6	6	-	778,683	778,683	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ 382,362</u>	<u>\$ 574,861</u>	<u>\$ 192,499</u>

continued...

COUNTY OF MUSKEGON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 Nonmajor Special Revenue Funds
 For the Year Ended September 30, 2016

	Parks Development (2411)			Economic Development (2450)		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and contributions:						
Federal	-	-	-	-	-	-
State	58,941	2,712	(56,229)	-	-	-
Local	-	-	-	15,000	5,000	(10,000)
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Rentals	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>58,941</u>	<u>2,712</u>	<u>(56,229)</u>	<u>15,000</u>	<u>5,000</u>	<u>(10,000)</u>
EXPENDITURES						
Current:						
General government	-	-	-	15,000	5,000	(10,000)
Judicial	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health	-	-	-	-	-	-
Welfare	-	-	-	-	-	-
Cultural	57,551	5,424	(52,127)	-	-	-
Recreation	-	-	-	-	-	-
Capital outlay	53,000	-	(53,000)	-	-	-
Total expenditures	<u>110,551</u>	<u>5,424</u>	<u>(105,127)</u>	<u>15,000</u>	<u>5,000</u>	<u>(10,000)</u>
Revenues over (under) expenditures	<u>(51,610)</u>	<u>(2,712)</u>	<u>48,898</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	51,611	2,712	(48,899)	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>51,611</u>	<u>2,712</u>	<u>(48,899)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1	-	(1)	-	-	-
Fund balances, beginning of year	-	-	-	-	-	-
Fund balances, end of year	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



CDBG Housing Grant (2470)			Neighborhood Stabilization Grant (2471)			Blight Elimination (2550)		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	35,326	35,326	-	-	-	-
-	-	-	-	-	-	1,517,885	1,446,483	(71,402)
-	-	-	-	-	-	69,140	69,140	-
-	-	-	-	-	-	-	-	-
-	30	30	150	361	211	-	-	-
-	-	-	-	-	-	-	-	-
-	13,495	13,495	69,062	4,842	(64,220)	-	-	-
-	13,525	13,525	104,538	40,529	(64,009)	1,587,025	1,515,623	(71,402)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
2,662	2,662	-	45,588	40,529	(5,059)	1,587,025	1,515,623	(71,402)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
2,662	2,662	-	45,588	40,529	(5,059)	1,587,025	1,515,623	(71,402)
(2,662)	10,863	13,525	58,950	-	(58,950)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
(2,662)	10,863	13,525	58,950	-	(58,950)	-	-	-
12,310	12,310	-	-	-	-	-	-	-
\$ 9,648	\$ 23,173	\$ 13,525	\$ 58,950	\$ -	\$ (58,950)	\$ -	\$ -	\$ -

continued...

COUNTY OF MUSKEGON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 Nonmajor Special Revenue Funds
 For the Year Ended September 30, 2016

	Blight Prevention (2555)			Deed Automation (2560)		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and contributions:						
Federal	-	-	-	-	-	-
State	-	-	-	-	-	-
Local	18,500	-	(18,500)	-	-	-
Charges for services	-	-	-	170,000	165,535	(4,465)
Fines and forfeitures	-	-	-	-	-	-
Investment income	-	-	-	7,300	7,243	(57)
Rentals	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>18,500</u>	<u>-</u>	<u>(18,500)</u>	<u>177,300</u>	<u>172,778</u>	<u>(4,522)</u>
EXPENDITURES						
Current:						
General government	-	-	-	516,725	464,627	(52,098)
Judicial	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health	-	-	-	-	-	-
Welfare	18,500	-	(18,500)	-	-	-
Cultural	-	-	-	-	-	-
Recreation	-	-	-	-	-	-
Capital outlay	-	-	-	140,000	415	(139,585)
Total expenditures	<u>18,500</u>	<u>-</u>	<u>(18,500)</u>	<u>656,725</u>	<u>465,042</u>	<u>(191,683)</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(479,425)</u>	<u>(292,264)</u>	<u>187,161</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>(479,425)</u>	<u>(292,264)</u>	<u>187,161</u>
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,142,546</u>	<u>1,142,546</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 663,121</u>	<u>\$ 850,282</u>	<u>\$ 187,161</u>

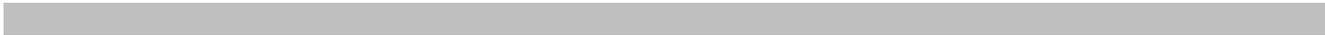
Concealed Pistol Licensing (2630)			Community Corrections (2640)			TNT Drug (2671)		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	157,747	156,989	(758)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	10,700	10,700	-	-	-	-
-	-	-	-	-	-	500	-	(500)
200	246	46	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
59,428	61,959	2,531	25,544	429	(25,115)	-	-	-
59,628	62,205	2,577	193,991	168,118	(25,873)	500	-	(500)
26,477	23,983	(2,494)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	351,928	339,747	(12,181)	109	109	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
26,477	23,983	(2,494)	351,928	339,747	(12,181)	109	109	-
33,151	38,222	5,071	(157,937)	(171,629)	(13,692)	391	(109)	(500)
-	-	-	157,937	171,629	13,692	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	157,937	171,629	13,692	-	-	-
33,151	38,222	5,071	-	-	-	391	(109)	(500)
13,572	13,572	-	-	-	-	5,013	5,013	-
\$ 46,723	\$ 51,794	\$ 5,071	\$ -	\$ -	\$ -	\$ 5,404	\$ 4,904	\$ (500)

continued...

COUNTY OF MUSKEGON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 Nonmajor Special Revenue Funds
 For the Year Ended September 30, 2016

	Prosecutor Drug (2672)			Special Investigative Fund (2673)		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and contributions:						
Federal	-	-	-	-	-	-
State	-	-	-	61,249	32,851	(28,398)
Local	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Rentals	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,249</u>	<u>32,851</u>	<u>(28,398)</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Public safety	40	40	-	61,249	32,851	(28,398)
Health	-	-	-	-	-	-
Welfare	-	-	-	-	-	-
Cultural	-	-	-	-	-	-
Recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>40</u>	<u>40</u>	<u>-</u>	<u>61,249</u>	<u>32,851</u>	<u>(28,398)</u>
Revenues over (under) expenditures	<u>(40)</u>	<u>(40)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(40)</u>	<u>(40)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	1,590	1,590	-	-	-	-
Fund balances, end of year	<u>\$ 1,550</u>	<u>\$ 1,550</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



Crime Victims' Rights (2800)			Muskegon Area Stormwater Committee (2823)			EDC Loan Revolving (2860)		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
52,000	50,607	(1,393)	-	-	-	-	-	-
197,274	195,604	(1,670)	-	-	-	-	-	-
400	210	(190)	50,000	50,000	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>249,674</u>	<u>246,421</u>	<u>(3,253)</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	50,000	23,179	(26,821)	18,549	18,549	-
-	-	-	-	-	-	-	-	-
284,988	281,715	(3,273)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>284,988</u>	<u>281,715</u>	<u>(3,273)</u>	<u>50,000</u>	<u>23,179</u>	<u>(26,821)</u>	<u>18,549</u>	<u>18,549</u>	<u>-</u>
<u>(35,314)</u>	<u>(35,294)</u>	<u>20</u>	<u>-</u>	<u>26,821</u>	<u>26,821</u>	<u>(18,549)</u>	<u>(18,549)</u>	<u>-</u>
35,299	35,280	(19)	-	-	-	3,549	3,549	-
-	-	-	-	-	-	-	-	-
<u>35,299</u>	<u>35,280</u>	<u>(19)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,549</u>	<u>3,549</u>	<u>-</u>
(15)	(14)	1	-	26,821	26,821	(15,000)	(15,000)	-
1,057	1,057	-	19,151	19,151	-	15,000	15,000	-
<u>\$ 1,042</u>	<u>\$ 1,043</u>	<u>\$ 1</u>	<u>\$ 19,151</u>	<u>\$ 45,972</u>	<u>\$ 26,821</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

continued...

COUNTY OF MUSKEGON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 Nonmajor Special Revenue Funds
 For the Year Ended September 30, 2016

	Rambusch-Ruchs CDBG Grant (2873)			Remonumentation Program (2890)		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and contributions:						
Federal	-	-	-	-	-	-
State	-	-	-	85,624	59,208	(26,416)
Local	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Rentals	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,624</u>	<u>59,208</u>	<u>(26,416)</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health	-	-	-	-	-	-
Welfare	-	-	-	-	-	-
Cultural	-	-	-	86,059	59,643	(26,416)
Recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,059</u>	<u>59,643</u>	<u>(26,416)</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(435)</u>	<u>(435)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	435	435	-
Transfers out	(3,549)	(3,549)	-	-	-	-
Total other financing sources (uses)	<u>(3,549)</u>	<u>(3,549)</u>	<u>-</u>	<u>435</u>	<u>435</u>	<u>-</u>
Net change in fund balances	<u>(3,549)</u>	<u>(3,549)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	3,549	3,549	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Social Welfare (2910)			Child Care Facility (2920)			Veteran's Care (2930)		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 309,613	\$ 292,971	\$ (16,642)
-	-	-	54,769	50,752	(4,017)	-	-	-
-	-	-	4,216,791	3,911,085	(305,706)	15,000	15,000	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	200	689	489
-	-	-	-	-	-	-	-	-
-	-	-	345,089	322,021	(23,068)	-	-	-
-	-	-	4,616,649	4,283,858	(332,791)	324,813	308,660	(16,153)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
9,871	5,795	(4,076)	9,317,282	8,417,527	(899,755)	-	-	-
-	-	-	-	-	-	339,112	320,695	(18,417)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	8,200	8,219	19
9,871	5,795	(4,076)	9,317,282	8,417,527	(899,755)	347,312	328,914	(18,398)
(9,871)	(5,795)	4,076	(4,700,633)	(4,133,669)	566,964	(22,499)	(20,254)	2,245
9,871	5,795	(4,076)	4,700,633	4,155,318	(545,315)	-	-	-
-	-	-	-	-	-	-	-	-
9,871	5,795	(4,076)	4,700,633	4,155,318	(545,315)	-	-	-
-	-	-	-	21,649	21,649	(22,499)	(20,254)	2,245
-	-	-	-	-	-	63,599	63,599	-
\$ -	\$ -	\$ -	\$ -	\$ 21,649	\$ 21,649	\$ 41,100	\$ 43,345	\$ 2,245

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COUNTY OF MUSKEGON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 Nonmajor Special Revenue Funds
 For the Year Ended September 30, 2016

	Veteran's Trust (2940)			Mental Health Buildings (2970)		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and contributions:						
Federal	-	-	-	-	-	-
State	35,450	26,534	(8,916)	-	-	-
Local	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Investment income	-	-	-	-	844	844
Rentals	-	-	-	366,320	366,321	1
Other	-	-	-	-	-	-
Total revenues	<u>35,450</u>	<u>26,534</u>	<u>(8,916)</u>	<u>366,320</u>	<u>367,165</u>	<u>845</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health	-	-	-	369,081	346,417	(22,664)
Welfare	35,450	25,092	(10,358)	-	-	-
Cultural	-	-	-	-	-	-
Recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>35,450</u>	<u>25,092</u>	<u>(10,358)</u>	<u>369,081</u>	<u>346,417</u>	<u>(22,664)</u>
Revenues over (under) expenditures	<u>-</u>	<u>1,442</u>	<u>1,442</u>	<u>(2,761)</u>	<u>20,748</u>	<u>23,509</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	1,442	1,442	(2,761)	20,748	23,509
Fund balances, beginning of year	883	883	-	79,344	79,344	-
Fund balances, end of year	<u>\$ 883</u>	<u>\$ 2,325</u>	<u>\$ 1,442</u>	<u>\$ 76,583</u>	<u>\$ 100,092</u>	<u>\$ 23,509</u>



Quality of Victim Restitution (2980)		
Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
4,500	821	(3,679)
-	-	-
300	226	(74)
-	-	-
-	-	-
<u>4,800</u>	<u>1,047</u>	<u>(3,753)</u>
12,570	5,079	(7,491)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>12,570</u>	<u>5,079</u>	<u>(7,491)</u>
<u>(7,770)</u>	<u>(4,032)</u>	<u>3,738</u>
-	-	-
-	-	-
-	-	-
<u>(7,770)</u>	<u>(4,032)</u>	<u>3,738</u>
31,385	31,385	-
<u>\$ 23,615</u>	<u>\$ 27,353</u>	<u>\$ 3,738</u>

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COUNTY OF MUSKEGON, MICHIGAN

■ Nonmajor Enterprise Funds

Fly Ash Program (5711)--to record the revenues received from, and the expenses made for, the disposal of fly ash. Monies for the operation of this fund are provided by charges to Consumers Power and Sappi for services.

Muskegon Area Transit System (5880)--accounts for and provides public transportation with ten regular routes and two special routes. The sources of funds are the Michigan Department of Transportation (paying 32% of the operating costs), the Urban Mass Transportation Administration (paying 50% of the operating costs), and the local contributions (paying 18% of the operating costs).

Muskegon Trolley Company (5890)--provides local transportation for tourists and special events within the County. All funds are local in nature.

Regional Water System (5910)--provides for the continued operations of a regional water system for the townships of Dalton, Laketon and Muskegon.

COUNTY OF MUSKEGON, MICHIGAN

Combining Statement of Net Position
 Nonmajor Enterprise Funds
 September 30, 2016

	Fly Ash Program (5711)	Muskegon Area Transit System (5880)	Muskegon Trolley Company (5890)	Regional Water Company (5910)	Total
ASSETS					
Current assets:					
Cash and investments	\$ 683,323	\$ -	\$ 187,678	\$ 4,325,583	\$ 5,196,584
Receivables, net:					
Accounts	-	9,594	1,080	1,044,365	1,055,039
Due from other governments	-	1,216,263	-	-	1,216,263
Notes	-	-	-	6,015	6,015
Special assessments	-	-	-	157,450	157,450
Prepays	-	7	-	-	7
Total current assets	683,323	1,225,864	188,758	5,533,413	7,631,358
Noncurrent assets:					
Restricted assets	129,520	-	-	-	129,520
Notes receivable	-	-	-	30,411	30,411
Special assessments receivable	-	-	-	717,052	717,052
Capital assets not being depreciated	-	354,753	-	9,000	363,753
Capital assets being depreciated, net	61,487	9,326,564	28,665	15,547,966	24,964,682
Total noncurrent assets	191,007	9,681,317	28,665	16,304,429	26,205,418
Total assets	874,330	10,907,181	217,423	21,837,842	33,836,776
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on bond refunding	-	-	-	121,141	121,141
Deferred pension amounts	-	992,280	-	125,595	1,117,875
Total deferred outflows of resources	-	992,280	-	246,736	1,239,016
LIABILITIES					
Current liabilities:					
Negative equity in pooled cash	-	926,181	-	-	926,181
Payables:					
Accounts payable	-	59,751	-	126,407	186,158
Due to other governments	-	-	-	630,179	630,179
Accrued liabilities	3,157	118,941	648	9,051	131,797
Accrued interest	-	-	-	214,321	214,321
Current portion of accrued closure cost and sludge removal	36,075	-	-	-	36,075
Current portion of compensated absences	257	38,277	-	3,631	42,165
Current portion of long-term debt	-	-	-	617,625	617,625
Total current liabilities	39,489	1,143,150	648	1,601,214	2,784,501
Noncurrent liabilities, net of current portion:					
Accrued closure cost and sludge removal	742,381	-	-	-	742,381
Compensated absences	1,567	233,385	-	22,141	257,093
Long-term debt	-	-	-	12,759,600	12,759,600
Net pension liability	-	2,973,958	-	373,702	3,347,660
Net other postemployment benefit obligation	-	512,996	-	44,084	557,080
Total noncurrent liabilities	743,948	3,720,339	-	13,199,527	17,663,814
Total liabilities	783,437	4,863,489	648	14,800,741	20,448,315
NET POSITION					
Net investment in capital assets	61,487	9,681,317	28,665	2,300,882	12,072,351
Unrestricted (deficit)	29,406	(2,645,345)	188,110	4,982,955	2,555,126
Total net position	\$ 90,893	\$ 7,035,972	\$ 216,775	\$ 7,283,837	\$ 14,627,477

COUNTY OF MUSKEGON, MICHIGAN

Combining Statement of Revenues, Expenses and Changes in Fund Net Position
 Nonmajor Enterprise Funds
 For the Year Ended September 30, 2016

	Fly Ash Program (5711)	Muskegon Area Transit System (5880)	Muskegon Trolley Company (5890)	Regional Water (5910)	Total
Operating revenues:					
Charges for services	\$ -	\$ 536,750	\$ 72,734	\$ 3,003,258	\$ 3,612,742
Rentals	-	-	-	74,050	74,050
Other revenues	-	644	-	451,071	451,715
Total operating revenues	-	537,394	72,734	3,528,379	4,138,507
Operating expenses:					
Salaries and fringes	81,474	3,646,759	30,474	283,355	4,042,062
Supplies and other operating expenses	(108,680)	1,412,055	25,687	2,353,997	3,683,059
Depreciation	3,784	934,802	3,185	431,422	1,373,193
Total operating expenses	(23,422)	5,993,616	59,346	3,068,774	9,098,314
Operating income (loss)	23,422	(5,456,222)	13,388	459,605	(4,959,807)
Nonoperating revenues (expenses):					
Grants and contributions:					
Federal	-	2,314,086	-	-	2,314,086
State	-	1,455,564	-	-	1,455,564
Local	-	167,974	-	-	167,974
Interest income	5,537	204	1,295	80,106	87,142
Interest expense	-	-	-	(523,024)	(523,024)
Loss on sale of capital assets	-	(6,749)	-	-	(6,749)
Total nonoperating revenues (expenses)	5,537	3,931,079	1,295	(442,918)	3,494,993
Income (loss) before capital contributions	28,959	(1,525,143)	14,683	16,687	(1,464,814)
Capital contributions - federal	-	87,933	-	-	87,933
Capital contributions - state	-	24,759	-	-	24,759
Change in net position	28,959	(1,412,451)	14,683	16,687	(1,352,122)
Net position, beginning of year	61,934	8,448,423	202,092	7,267,150	15,979,599
Net position, end of year	\$ 90,893	\$ 7,035,972	\$ 216,775	\$ 7,283,837	\$ 14,627,477

COUNTY OF MUSKEGON, MICHIGAN

Combining Statement of Cash Flows
 Nonmajor Enterprise Funds
 For the Year Ended September 30, 2016

	Fly Ash Program (5711)	Muskegon Area Transit System (5880)	Muskegon Trolley Company (5890)	Regional Water (5910)	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ -	\$ 536,944	\$ 71,694	\$ 3,958,446	\$ 4,567,084
Payments to vendors	(10,433)	(1,803,850)	(28,412)	(2,525,436)	(4,368,131)
Payments for personnel services	(79,703)	(3,069,353)	(31,174)	(219,798)	(3,400,028)
Net cash provided by (used in) operating activities	(90,136)	(4,336,259)	12,108	1,213,212	(3,201,075)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Federal and/or state grants	-	4,280,860	-	-	4,280,860
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal paid on long-term debt	-	-	-	(550,000)	(550,000)
Interest paid on long-term debt	-	-	-	(506,658)	(506,658)
Capital contributions received	-	112,692	-	-	112,692
Purchase of capital assets	-	(57,497)	-	-	(57,497)
Net cash provided by (used in) capital and related financing activities	-	55,195	-	(1,056,658)	(1,001,463)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received on investments	5,537	204	1,295	80,106	87,142
Net increase (decrease) in cash and investments	(84,599)	-	13,403	236,660	165,464
Cash and investments, beginning of year	767,922	-	174,275	4,088,923	5,031,120
Cash and investments, end of year	\$ 683,323	\$ -	\$ 187,678	\$ 4,325,583	\$ 5,196,584

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COUNTY OF MUSKEGON, MICHIGAN

Combining Statement of Cash Flows
 Nonmajor Enterprise Funds
 For the Year Ended September 30, 2016

	Fly Ash Program (5711)	Muskegon Area Transit System (5880)	Muskegon Trolley Company (5890)	Regional Water (5910)	Total
Reconciliation of operating income (loss) to net cash provided by (used in) by operating activities:					
Operating income (loss)	\$ 23,422	\$ (5,456,222)	\$ 13,388	\$ 459,605	\$ (4,959,807)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	3,784	934,802	3,185	431,422	1,373,193
Changes in operating assets and liabilities that provided (used) cash:					
Accounts receivable	-	(450)	(1,080)	2,057	527
Due from other governments	-	-	600	300,600	301,200
Special assessments receivable	-	-	-	121,737	121,737
Notes receivable	-	-	-	5,673	5,673
Prepays	-	(7)	-	-	(7)
Restricted assets	436	-	-	-	436
Negative equity in pooled cash	-	(356,245)	-	-	(356,245)
Accounts payable	-	(35,543)	(2,725)	(381,459)	(419,727)
Due to other governments	-	-	-	210,020	210,020
Accrued liabilities	1,270	18,714	(700)	1,267	20,551
Unearned revenue	-	-	(560)	-	(560)
Accrued closure cost and sludge removal	(119,549)	-	-	-	(119,549)
Accrued compensated absences	501	12,768	-	3,688	16,957
Net pension liability and deferred pension amounts	-	347,660	-	40,915	388,575
Net other postemployment benefit obligation	-	198,264	-	17,687	215,951
Net cash provided by (used in) operating activities	\$ (90,136)	\$ (4,336,259)	\$ 12,108	\$ 1,213,212	\$ (3,201,075)

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COUNTY OF MUSKEGON, MICHIGAN

Internal Service Funds

Office Services (6330)--to account for the general County printing services which provides all common offices with necessary support.

South Campus Facilities (6340)--to account for the operations and maintenance of County buildings clustered in a one block area. This fund is self-sustaining with the revenues generated to be used for maintaining the buildings.

Sheriff Garage (6345)--to account for the operations of an automotive repair facility run by the sheriff's department. The fund is self-sustaining with the revenues generated to be used for maintaining sheriff and other County vehicles.

Energy Improvements (6350)--to account for the replacement and upgrading of most County buildings to provide for energy efficiency. The fund is designed to be self-sustaining with depreciation expense and revenues from rents charged back to benefiting departments over the useful life of the energy efficiency improvements.

Equipment Revolving (6660)--is used to record the operations of a capital equipment pool that finances big-ticket purchases for various County departments. This fund records the value of capital assets purchased and the related depreciation expense of these items. Cash flow is obtained by advances from the General Fund and external borrowing. The equipment revolving fund is designed to be self-sustaining from rent charges billed to other funds offsetting the depreciation expense and debt service payments.

Insurance (6770)--to account for revenues collected from user departments for the payment of insurance premiums and claims. The County is self-insured for workers' compensation, unemployment insurance, health insurance, dental insurance and collision on auto fleet insurance.

COUNTY OF MUSKEGON, MICHIGAN

Combining Statement of Net Position Internal Service Funds September 30, 2016

	Office Services (6330)	South Campus Facilities (6340)	Sheriff Garage (6345)
ASSETS			
Current assets:			
Cash and investments	\$ 101,709	\$ 28,372	\$ 16,340
Receivable, net:			
Accounts	20	-	-
Due from other governments	3,836	-	-
Accrued interest	-	-	-
Prepays	446	-	-
Total current assets	<u>106,011</u>	<u>28,372</u>	<u>16,340</u>
Noncurrent assets:			
Advances to other funds	-	-	-
Deposits held with others	-	-	-
Notes receivable	-	-	-
Capital assets not being depreciated	-	-	15,000
Capital assets being depreciated, net	-	-	76,784
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>91,784</u>
Total assets	<u>106,011</u>	<u>28,372</u>	<u>108,124</u>
LIABILITIES			
Current liabilities:			
Payables:			
Accounts payable	6,340	23,544	-
Due to other governments	-	-	-
Accrued liabilities	8,128	4,828	-
Accrued interest	-	-	-
Unearned revenue	-	-	-
Current portion of compensated absences	2,115	-	-
Current portion of long-term debt	-	-	-
Total current liabilities	<u>16,583</u>	<u>28,372</u>	<u>-</u>
Noncurrent liabilities, net of current portion:			
Advances from other funds	-	-	-
Compensated absences	12,899	-	-
Long-term debt	-	-	-
Total noncurrent liabilities	<u>12,899</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>29,482</u>	<u>28,372</u>	<u>-</u>
NET POSITION			
Net investment in capital assets	-	-	91,784
Unrestricted	76,529	-	16,340
Total net position	<u>\$ 76,529</u>	<u>\$ -</u>	<u>\$ 108,124</u>

Energy Improvements (6350)	Equipment Revolving (6660)	Insurance (6770)	Total
\$ 1,217,001	\$ 859,439	\$ 3,321,572	\$ 5,544,433
-	760	577,304	578,084
-	16,958	-	20,794
-	-	208,784	208,784
-	118,851	1,122,658	1,241,955
<u>1,217,001</u>	<u>996,008</u>	<u>5,230,318</u>	<u>7,594,050</u>
-	-	700,584	700,584
-	-	634,242	634,242
-	-	200,000	200,000
-	529,915	-	544,915
5,057,487	11,502,553	-	16,636,824
<u>5,057,487</u>	<u>12,032,468</u>	<u>1,534,826</u>	<u>18,716,565</u>
<u>6,274,488</u>	<u>13,028,476</u>	<u>6,765,144</u>	<u>26,310,615</u>
-	119,059	116,376	265,319
-	-	94,280	94,280
-	27,134	2,505,359	2,545,449
175,847	86,000	-	261,847
-	-	22,142	22,142
-	19,265	-	21,380
275,000	702,705	-	977,705
<u>450,847</u>	<u>954,163</u>	<u>2,738,157</u>	<u>4,188,122</u>
-	69,779	-	69,779
-	117,465	-	130,364
5,780,000	7,100,944	-	12,880,944
<u>5,780,000</u>	<u>7,288,188</u>	<u>-</u>	<u>13,081,087</u>
<u>6,230,847</u>	<u>8,242,351</u>	<u>2,738,157</u>	<u>17,269,209</u>
(997,513)	4,228,819	-	3,323,090
1,041,154	557,306	4,026,987	5,718,316
<u>\$ 43,641</u>	<u>\$ 4,786,125</u>	<u>\$ 4,026,987</u>	<u>\$ 9,041,406</u>

COUNTY OF MUSKEGON, MICHIGAN

**Combining Statement of Revenues, Expenses
and Changes in Fund Net Position
Internal Service Funds
For the Year Ended September 30, 2016**

	Office Services (6330)	South Campus Facilities (6340)	Sheriff Garage (6345)
Operating revenues:			
Charges for services	\$ -	\$ -	\$ -
Rentals	-	704,374	1,978
Other revenues	507,445	-	-
Total operating revenues	<u>507,445</u>	<u>704,374</u>	<u>1,978</u>
Operating expenses:			
Salaries and fringes	116,582	156,356	-
Supplies and other operating expenses	379,829	548,018	1,977
Insurance benefits and claims	-	-	-
Insurance premiums	-	-	-
Depreciation	-	-	9,225
Total operating expenses	<u>496,411</u>	<u>704,374</u>	<u>11,202</u>
Operating income (loss)	<u>11,034</u>	<u>-</u>	<u>(9,224)</u>
Nonoperating revenues (expense):			
Interest income	573	-	-
Interest expense	-	-	-
Gain on sale of capital assets	-	-	-
Total nonoperating revenues (expenses)	<u>573</u>	<u>-</u>	<u>-</u>
Income (loss) before capital contributions and transfers	11,607	-	(9,224)
Capital contributions - federal	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Change in net position	<u>11,607</u>	<u>-</u>	<u>(9,224)</u>
Net position, beginning of year	64,922	-	117,348
Net position, end of year	<u>\$ 76,529</u>	<u>\$ -</u>	<u>\$ 108,124</u>

Energy Improvements (6350)	Equipment Revolving (6660)	Insurance (6770)	Total
\$ -	\$ -	\$ 18,335,466	\$ 18,335,466
-	737,907	-	1,444,259
-	3,257,411	3,311,373	7,076,229
-	3,995,318	21,646,839	26,855,954
-	655,825	1,000,357	1,929,120
16,697	927,953	174,141	2,048,615
-	-	266,187	266,187
-	-	19,653,597	19,653,597
389,013	1,532,833	-	1,931,071
405,710	3,116,611	21,094,282	25,828,590
(405,710)	878,707	552,557	1,027,364
423,253	38,185	126,609	588,620
(423,195)	(231,341)	-	(654,536)
-	27,542	-	27,542
58	(165,614)	126,609	(38,374)
(405,652)	713,093	679,166	988,990
401,754	-	-	401,754
-	68,366	-	68,366
-	(1,441,459)	-	(1,441,459)
(3,898)	(660,000)	679,166	17,651
47,539	5,446,125	3,347,821	9,023,755
\$ 43,641	\$ 4,786,125	\$ 4,026,987	\$ 9,041,406

COUNTY OF MUSKEGON, MICHIGAN

Combining Statement of Cash Flows Internal Service Funds For the Year Ended September 30, 2016

	Office Services (6330)	South Campus Facilities (6340)	Sheriff Garage (6345)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 507,343	\$ 704,374	\$ 1,978
Payments to vendors	(378,587)	(547,903)	(2,081)
Payments for personnel services	(145,151)	(155,410)	-
Net cash provided by (used in) operating activities	<u>(16,395)</u>	<u>1,061</u>	<u>(103)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Intergovernmental receipts	-	-	-
Intergovernmental payments	-	-	-
Net cash provided by (used in) operating activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal payments on long-term debt	-	-	-
Interest paid on long-term debt	-	-	-
Capital contributions received	-	-	-
Proceeds from sale of capital assets	-	-	-
Purchase of capital assets	-	-	-
Net cash used in capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received on investments	573	-	-
Net increase (decrease) in cash and investments	(15,822)	1,061	(103)
Cash and investments, beginning of year	117,531	27,311	16,443
Cash and investments, end of year	<u>\$ 101,709</u>	<u>\$ 28,372</u>	<u>\$ 16,340</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 11,034	\$ -	\$ (9,224)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	-	-	9,225
Changes in operating assets and liabilities that provided (used) cash:			
Accounts receivable	(20)	-	-
Due from other governments	(82)	-	-
Accrued interest receivable	-	-	-
Prepays	(446)	-	-
Deposits held with others	-	-	-
Accounts payable	1,688	115	(104)
Due to other governments	-	-	-
Accrued liabilities	3,080	946	-
Unearned revenue	-	-	-
Compensated absences	(31,649)	-	-
Net cash provided by (used in) operating activities	<u>\$ (16,395)</u>	<u>\$ 1,061</u>	<u>\$ (103)</u>

Noncash transactions

The Equipment Revolving fund financed the acquisition of capital assets with noncash capital leases of \$443,076 for the year ended September 30, 2016.

Energy Improvements (6350)	Equipment Revolving (6660)	Insurance (6770)	Total
\$ -	\$ 3,988,940	\$ 21,393,310	\$ 26,595,945
(17,897)	(1,133,549)	(20,416,943)	(22,496,960)
-	(622,605)	(1,082,743)	(2,005,909)
<u>(17,897)</u>	<u>2,232,786</u>	<u>(106,376)</u>	<u>2,093,076</u>
-	-	50,000	50,000
-	(1,381,829)	-	(1,381,829)
<u>-</u>	<u>(1,381,829)</u>	<u>50,000</u>	<u>(1,331,829)</u>
(200,000)	(533,005)	-	(733,005)
(429,004)	(286,590)	-	(715,594)
401,754	-	-	401,754
-	183,386	-	183,386
-	(702,979)	-	(702,979)
<u>(227,250)</u>	<u>(1,339,188)</u>	<u>-</u>	<u>(1,566,438)</u>
<u>423,253</u>	<u>38,185</u>	<u>126,609</u>	<u>588,620</u>
178,106	(450,046)	70,233	(216,571)
1,038,895	1,309,485	3,251,339	5,761,004
<u>\$ 1,217,001</u>	<u>\$ 859,439</u>	<u>\$ 3,321,572</u>	<u>\$ 5,544,433</u>
\$ (405,710)	\$ 878,707	\$ 552,557	\$ 1,027,364
389,013	1,532,833	-	1,931,071
-	(714)	(211,569)	(212,303)
-	(5,664)	-	(5,746)
-	-	(43,503)	(43,503)
-	(99,651)	7,115	(92,982)
-	-	152,099	152,099
(1,200)	(105,945)	(482,232)	(587,678)
-	-	(72,716)	(72,716)
-	9,097	(9,670)	3,453
-	-	1,543	1,543
-	24,123	-	(7,526)
<u>\$ (17,897)</u>	<u>\$ 2,232,786</u>	<u>\$ (106,376)</u>	<u>\$ 2,093,076</u>

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COUNTY OF MUSKEGON, MICHIGAN

Agency Funds

Trust and Agency (7010)--to hold monies for later distribution to other agencies or persons. Specifically, District Court holds ordinance fines and costs, appearance bonds, garnishments and restitutions. The Treasurer holds accounts including tax reverted lands, swamp land tax, payments in lieu of taxes and current real and personal property taxes. The administrative area holds Social Security payments, retirement payments, state-withheld income taxes and other payroll deductions.

Library Penal Fines Fund (7210)--to account for monies received from District Court fines, in accordance with state statute (Section 4851 of Act 236 of the Public Acts of 1961), which are allocated annually for operations of the county's libraries.

Labor Management Program (7910)--to account for monies received from various employers who provide funding for this program, the purpose of which is to improve productivity and the quality of work life by assisting in the establishment of good labor-management relationships. Final activity in this agency fund occurred in fiscal 2016 as the program's bookkeeping function was moved to another entity.

HealthWest Client Funds (7930)--to account for monies held in trust for clients of the County's HealthWest department, which provides community mental health services.

COUNTY OF MUSKEGON, MICHIGAN

Combining Statement of Fiduciary Assets and Liabilities

Agency Funds

September 30, 2016

	Trust And Agency (7010)	Library Penal Fines Fund (7210)	Labor Management Program (7910)	HealthWest Client Funds (7930)	Total
ASSETS					
Cash and investments	\$ 21,101,579	\$ 86,689	\$ -	\$ 337,611	\$ 21,525,879
Accounts receivable	1,192	-	-	-	1,192
Total assets	<u>\$ 21,102,771</u>	<u>\$ 86,689</u>	<u>\$ -</u>	<u>\$ 337,611</u>	<u>\$ 21,527,071</u>
LIABILITIES					
Accounts payable	\$ 29,149	\$ -	\$ -	\$ -	\$ 29,149
Due to other governments	582,134	-	-	-	582,134
Undistributed current and delinquent taxes	20,203,167	-	-	-	20,203,167
Trust deposits	233,255	-	-	-	233,255
Unallocated receipts	55,066	86,689	-	337,611	479,366
Total liabilities	<u>\$ 21,102,771</u>	<u>\$ 86,689</u>	<u>\$ -</u>	<u>\$ 337,611</u>	<u>\$ 21,527,071</u>

COUNTY OF MUSKEGON, MICHIGAN

Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

For the Year Ended September 30, 2016

	Balance October 1, 2015	Additions	Deletions	Balance September 30, 2016
Trust and Agency Fund (7010)				
ASSETS				
Cash and investments	\$ 7,532,264	\$ 169,270,134	\$ (155,700,819)	\$ 21,101,579
Accounts receivable	163	101,581	(100,552)	1,192
Total assets	<u>\$ 7,532,427</u>	<u>\$ 169,371,715</u>	<u>\$ (155,801,371)</u>	<u>\$ 21,102,771</u>
LIABILITIES				
Accounts payable	\$ 14,635	\$ 34,334,996	\$ (34,320,482)	\$ 29,149
Due to other governments	475,316	7,183,803	(7,076,985)	582,134
Undistributed current and delinquent taxes	6,164,847	85,813,411	(71,775,091)	20,203,167
Trust deposits	762,805	22,169,588	(22,699,138)	233,255
Unallocated receipts	114,824	19,869,917	(19,929,675)	55,066
Total liabilities	<u>\$ 7,532,427</u>	<u>\$ 169,371,715</u>	<u>\$ (155,801,371)</u>	<u>\$ 21,102,771</u>
Library Penal Fines (7210)				
ASSETS				
Cash and investments	\$ 87,557	\$ 368,576	\$ (369,444)	\$ 86,689
LIABILITIES				
Unallocated receipts	\$ 87,557	\$ 368,576	\$ (369,444)	\$ 86,689
Labor Management Program (7910)				
ASSETS				
Cash and investments	\$ 1,948	\$ 177	\$ (2,125)	\$ -
LIABILITIES				
Unallocated receipts	\$ 1,948	\$ 177	\$ (2,125)	\$ -
HealthWest Client Funds (7930)				
ASSETS				
Cash and investments	\$ 288,851	\$ 7,774,109	\$ (7,725,349)	\$ 337,611
LIABILITIES				
Accounts payable	\$ -	\$ 3,583,349	\$ (3,583,349)	\$ -
Unallocated receipts	288,851	4,190,760	(4,142,000)	337,611
Total liabilities	<u>\$ 288,851</u>	<u>\$ 7,774,109</u>	<u>\$ (7,725,349)</u>	<u>\$ 337,611</u>

continued...

COUNTY OF MUSKEGON, MICHIGAN

Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

For the Year Ended September 30, 2016

	Balance October 1, 2015	Additions	Deletions	Balance September 30, 2016
Total All Agency Funds				
ASSETS				
Cash and investments	\$ 7,910,620	\$ 177,412,996	\$ (163,797,737)	\$ 21,525,879
Accounts receivable	163	101,581	(100,552)	1,192
Total assets	<u>\$ 7,910,783</u>	<u>\$ 177,514,577</u>	<u>\$ (163,898,289)</u>	<u>\$ 21,527,071</u>
LIABILITIES				
Accounts payable	\$ 14,635	\$ 37,918,345	\$ (37,903,831)	29,149
Due to other governments	475,316	7,183,803	(7,076,985)	582,134
Undistributed current and delinquent taxes	6,164,847	85,813,411	(71,775,091)	20,203,167
Trust deposits	762,805	22,169,588	(22,699,138)	233,255
Unallocated receipts	493,180	24,429,430	(24,443,244)	479,366
Total liabilities	<u>\$ 7,910,783</u>	<u>\$ 177,514,577</u>	<u>\$ (163,898,289)</u>	<u>\$ 21,527,071</u>

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COUNTY OF MUSKEGON, MICHIGAN

Combining Governmental Funds Balance Sheet / Statement of Net Position

Drainage Districts Component Unit

September 30, 2016

	Governmental Funds			
	General Fund	Lake Level	Capital Projects	Total
ASSETS				
Cash and investments	\$ 737,560	\$ -	\$ 21,500	\$ 759,060
Receivables:				
Accounts	-	3,072	-	3,072
Assessments	511,500	-	-	511,500
Capital assets not being depreciated	-	-	-	-
Capital assets being depreciated, net	-	-	-	-
Total assets	\$ 1,249,060	\$ 3,072	\$ 21,500	\$ 1,273,632
LIABILITIES				
Negative equity in pooled cash	\$ -	\$ 3,072	\$ -	\$ 3,072
Accounts payable	168,647	-	-	168,647
Accrued interest	-	-	-	-
Advances from primary government	-	-	21,500	21,500
Long-term liabilities:				
Due within one year	-	-	-	-
Due in more than one year	-	-	-	-
Total liabilities	168,647	3,072	21,500	193,219
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - assessment receivable	361,746	-	-	361,746
FUND BALANCES/NET POSITION				
Fund balances:				
Unassigned	718,667	-	-	718,667
Total liabilities, deferred inflows of resources and fund balances	\$ 1,249,060	\$ 3,072	\$ 21,500	\$ 1,273,632
Net position:				
Net investment in capital assets				
Unrestricted				
Total net position				



Adjustments	Statement of Net Position
\$ (3,072)	\$ 755,988
-	3,072
-	511,500
95,247	95,247
3,314,194	<u>3,314,194</u>
	<u>4,680,001</u>
(3,072)	-
-	168,647
11,829	11,829
-	21,500
918,000	918,000
785,000	<u>785,000</u>
	1,904,976
(361,746)	-
(718,667)	<u>-</u>
1,706,441	1,706,441
1,068,584	<u>1,068,584</u>
	<u>\$ 2,775,025</u>

COUNTY OF MUSKEGON, MICHIGAN

Combining Statement of Governmental Funds Revenues, Expenditures and Changes in Fund Balances / Statement of Activities Drainage Districts Component Unit For the Year Ended September 30, 2016

	Governmental Funds			
	General Fund	Lake Level	Capital Projects	Total
Expenditures / expenses:				
Construction and maintenance	\$ 1,181,880	\$ 7,026	\$ -	\$ 1,188,906
Debt service:				
Principal	60,000	-	-	60,000
Interest expense	2,266	-	-	2,266
Depreciation	-	-	-	-
Total expenditures / expenses	<u>1,244,146</u>	<u>7,026</u>	<u>-</u>	<u>1,251,172</u>
Program revenues:				
Charges for services	274,392	7,026	-	281,418
Operating grants and contributions	32,500	-	-	32,500
Total program revenues	<u>306,892</u>	<u>7,026</u>	<u>-</u>	<u>313,918</u>
Net program expenses	(937,254)	-	-	(937,254)
General revenues:				
Investment earnings	1,882	-	-	1,882
Other financing sources:				
Proceeds from issuance of notes	<u>1,353,000</u>	<u>-</u>	<u>-</u>	<u>1,353,000</u>
Change in fund balances / net position	417,628	-	-	417,628
Fund balances/net position, beginning of year	301,039	-	-	301,039
Fund balances/net position, end of year	<u>\$ 718,667</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 718,667</u>



Adjustments	Statement of Activities
\$ (244,788)	\$ 944,118
(60,000)	-
11,829	14,095
87,058	<u>87,058</u>
	<u>1,045,271</u>
(41,407)	240,011
-	<u>32,500</u>
	<u>272,511</u>
	(772,760)
-	1,882
(1,353,000)	<u>-</u>
	(770,878)
3,244,864	<u>3,545,903</u>
	<u>\$ 2,775,025</u>

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STATISTICAL SECTION

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Statistical Section

This part of the County of Muskegon's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

	<u>Page</u>
Financial Trends	
<i>These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.</i>	
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<i>These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the county's ability to issue additional debt in the future.</i>	
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Statistical Section

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs

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Muskegon Area Transit System

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COUNTY OF MUSKEGON, MICHIGAN

(Unaudited)
Schedule B-1

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

(in thousands of dollars)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Net investment in capital assets	\$ 40,455	\$ 41,019	\$ 40,463	\$ 40,525	\$ 42,982	\$ 48,399	\$ 53,894	\$ 51,938	\$ 38,123	\$ 28,841
Restricted	12,686	16,845	11,339	5,900	3,594	4,031	3,540	3,075	2,635	2,902
Unrestricted (deficit)	22,584	18,809	16,054	19,453	22,159	14,922	9,333	481	(50,027)	(61,197)
Total Governmental Activities Net Position	\$ 75,725	\$ 76,673	\$ 67,856	\$ 65,878	\$ 68,735	\$ 67,352	\$ 66,767	\$ 55,494	\$ (9,269)	\$ (29,454)
Business-type Activities										
Net investment in capital assets	\$ 91,214	\$ 97,018	\$ 117,230	\$ 105,750	\$ 101,923	\$ 100,796	\$ 98,852	\$ 96,621	\$ 94,764	\$ 94,269
Restricted	2,021	3,783	4,119	2,898	-	-	-	-	-	-
Unrestricted	21,087	25,696	13,846	22,415	25,546	26,164	22,839	26,893	16,881	19,715
Total Business-type Activities Net Position	\$ 114,322	\$ 126,497	\$ 135,195	\$ 131,063	\$ 127,469	\$ 126,960	\$ 121,691	\$ 123,514	\$ 111,645	\$ 113,984
Primary Government										
Net investment in capital assets	\$ 138,535	\$ 138,037	\$ 157,693	\$ 146,275	\$ 144,905	\$ 149,195	\$ 152,746	\$ 148,559	\$ 132,887	\$ 123,110
Restricted	14,707	20,628	15,458	8,798	3,594	4,031	3,540	3,075	2,635	2,902
Unrestricted (deficit)	43,671	44,505	29,900	41,868	47,705	41,086	32,172	27,374	(33,146)	(41,482)
Total Primary Government Net Position	\$ 196,913	\$ 203,170	\$ 203,051	\$ 196,941	\$ 196,204	\$ 194,312	\$ 188,458	\$ 179,008	\$ 102,376	\$ 84,530

Note: The County implemented GASB Statement 54 beginning in fiscal 2011, which resulted in the reclassification of certain funds between Governmental Activities and Business-type Activities. The amounts on this schedule for fiscal years 2007 to 2009 have not been retroactively adjusted for these reclassifications. The amounts above for fiscal year 2010 have been restated. GASB 63 and 65 were implemented for fiscal year ended September 30, 2013. This resulted in a change renaming net assets to net position and invested in capital assets, net of related debt to net investment in capital assets. As a result of implementation, bond issuance costs have been eliminated. Prior years were not restated retroactively.

GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015. This resulted in presentation of the County's net pension liability on the statement of net position. Prior years were not restated.

COUNTY OF MUSKEGON, MICHIGAN

(Unaudited)
Schedule B-2

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(in thousands of dollars)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
EXPENSES										
Governmental activities:										
General county government	\$ 27,216	\$ 28,034	\$ 30,784	\$ 16,706	\$ 16,871	\$ 15,746	\$ 17,148	\$ 20,492	\$ 30,567	\$ 32,686
Judicial	8,333	8,437	8,531	8,649	8,443	8,299	8,390	9,042	8,517	9,784
Public safety	13,442	13,428	13,473	13,359	13,759	15,180	18,348	17,491	16,461	18,679
Health	113,300	108,059	113,687	102,097	105,761	104,068	106,364	83,550	78,245	78,303
Welfare	10,210	12,329	14,015	14,248	11,582	9,353	8,175	7,746	6,392	1,943
Legislative, cultural and recreation	2,199	2,661	2,774	1,849	3,249	3,980	1,697	1,631	1,581	1,613
Debt service expenses	1,007	875	736	692	721	684	1,133	2,904	3,096	2,984
Total governmental activities expense	<u>175,707</u>	<u>173,823</u>	<u>184,000</u>	<u>157,600</u>	<u>160,386</u>	<u>157,310</u>	<u>161,255</u>	<u>142,856</u>	<u>144,859</u>	<u>145,992</u>
Business-type activities:										
Brookhaven	-	-	-	15,333	17,253	15,441	15,155	13,113	13,776	13,413
Local government public works financing	-	-	-	1,097	1,465	1,370	1,321	1,285	1,252	935
Solid Waste	3,600	1,325	3,757	4,319	3,428	2,308	2,737	2,653	6,042	2,675
Airport Operations	2,424	2,493	2,530	2,494	2,822	2,569	3,039	2,874	2,803	2,690
Regional Water System	2,381	3,169	4,554	3,133	3,036	2,961	3,166	3,135	3,515	3,592
Muskegon Area Transit System	3,294	3,288	3,314	4,034	4,156	4,260	4,809	4,976	5,566	5,993
Wastewater Management System	14,608	16,531	17,162	15,097	17,373	16,442	16,638	17,326	16,514	17,152
Other proprietary funds	659	988	1,248	1,435	904	2,355	901	835	1,099	1,235
Total business-type activities expenses	<u>26,966</u>	<u>27,794</u>	<u>32,565</u>	<u>46,942</u>	<u>50,437</u>	<u>47,706</u>	<u>47,766</u>	<u>46,197</u>	<u>50,567</u>	<u>47,685</u>
Total primary government expenses	<u>\$ 202,673</u>	<u>\$ 201,617</u>	<u>\$ 216,565</u>	<u>\$ 204,542</u>	<u>\$ 210,823</u>	<u>\$ 205,016</u>	<u>\$ 209,021</u>	<u>\$ 189,053</u>	<u>\$ 195,426</u>	<u>\$ 193,677</u>
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	\$ 6,432	\$ 5,408	\$ 5,308	\$ 5,347	\$ 5,293	\$ 4,722	\$ 5,577	\$ 5,390	\$ 6,061	\$ 6,208
Judicial	3,277	2,996	2,716	2,596	3,714	2,604	2,886	2,898	2,750	2,764
Public safety	1,046	903	797	534	877	858	1,606	1,749	965	1,700
Health	76,698	84,614	83,648	72,700	77,925	74,810	77,094	57,142	55,576	55,296
Other activities	1,656	1,134	1,348	1,265	1,103	2,456	1,170	1,188	1,263	1,341
Operating grants and contributions	35,229	34,958	34,476	37,929	35,764	31,528	29,703	26,797	26,538	21,739
Capital grants and contributions	-	-	-	-	-	383	693	673	940	555
Total governmental activities program revenues	<u>124,338</u>	<u>130,013</u>	<u>128,293</u>	<u>120,371</u>	<u>124,676</u>	<u>117,371</u>	<u>118,729</u>	<u>95,837</u>	<u>94,093</u>	<u>89,603</u>

continued...

COUNTY OF MUSKEGON, MICHIGAN

(Unaudited)
Schedule B-2

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(in thousands of dollars)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-type activities:										
Charges for services:										
Wastewater	\$ 13,832	\$ 15,970	\$ 13,816	\$ 12,043	\$ 13,816	\$ 16,466	\$ 18,247	\$ 18,091	\$ 18,077	\$ 19,088
Brookhaven	-	-	-	14,847	15,513	13,492	14,046	12,446	12,380	11,810
Other	8,700	9,117	12,366	11,898	13,136	11,870	12,206	12,432	12,511	12,742
Operating grants and contributions	5,215	6,111	4,116	1,809	3,622	1,305	2,037	2,102	4,672	4,734
Capital grants and contributions	5,829	734	10,165	1,227	1,065	5,377	3,379	4,622	4,303	1,138
Total business-type activities program revenues	<u>33,576</u>	<u>31,932</u>	<u>40,463</u>	<u>41,824</u>	<u>47,152</u>	<u>48,510</u>	<u>49,915</u>	<u>49,693</u>	<u>51,943</u>	<u>49,512</u>
Total primary government program revenues	<u>\$ 163,589</u>	<u>\$ 160,225</u>	<u>\$ 160,834</u>	<u>\$ 166,500</u>	<u>\$ 164,523</u>	<u>\$ 165,881</u>	<u>\$ 168,644</u>	<u>\$ 145,530</u>	<u>\$ 146,036</u>	<u>\$ 139,115</u>
NET (EXPENSE)/REVENUE										
Governmental activities	\$ (51,369)	\$ (43,810)	\$ (55,707)	\$ (35,710)	\$ (39,939)	\$ (39,939)	\$ (42,526)	\$ (47,019)	\$ (50,766)	\$ (56,389)
Business-type activities	5,782	(633)	(6,479)	(8,613)	(554)	804	2,149	3,496	1,376	1,827
Total primary government net expense	<u>\$ (45,587)</u>	<u>\$ (44,443)</u>	<u>\$ (62,186)</u>	<u>\$ (44,323)</u>	<u>\$ (40,493)</u>	<u>\$ (39,135)</u>	<u>\$ (40,377)</u>	<u>\$ (43,523)</u>	<u>\$ (49,390)</u>	<u>\$ (54,562)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Property/Liquor/Lodging taxes	\$ 36,902	\$ 29,559	\$ 28,981	\$ 28,600	\$ 27,914	\$ 26,599	\$ 26,812	\$ 27,717	\$ 28,290	\$ 27,233
State shared revenue	-	-	-	192	3,601	2,728	2,748	2,882	3,595	3,601
Investment earnings (loss)	2,505	1,718	1,027	282	222	256	(742)	1,627	1,204	743
Other revenue and transfers	7,718	13,481	16,883	6,954	6,830	8,973	13,162	7,024	4,265	4,627
Special item	-	-	-	-	-	-	-	(3,504)	-	-
Total governmental activities	<u>47,125</u>	<u>44,758</u>	<u>46,891</u>	<u>36,028</u>	<u>38,567</u>	<u>38,556</u>	<u>41,980</u>	<u>35,746</u>	<u>37,354</u>	<u>36,204</u>
Business-type activities:										
Investment earnings	1,564	1,515	783	283	359	349	-	-	-	-
Other revenue and transfers	485	(344)	18	(882)	(668)	(2,835)	(7,219)	(1,673)	(1,599)	(1,765)
Special item	-	-	-	-	-	-	-	-	-	2,277
Total business-type activities	<u>2,049</u>	<u>1,171</u>	<u>801</u>	<u>(599)</u>	<u>(309)</u>	<u>(2,486)</u>	<u>(7,219)</u>	<u>(1,673)</u>	<u>(1,599)</u>	<u>512</u>
Total primary government	<u>\$ 49,174</u>	<u>\$ 45,929</u>	<u>\$ 47,692</u>	<u>\$ 35,429</u>	<u>\$ 38,258</u>	<u>\$ 36,070</u>	<u>\$ 34,761</u>	<u>\$ 34,073</u>	<u>\$ 35,755</u>	<u>\$ 36,716</u>
CHANGE IN NET POSITION										
Governmental activities	\$ (4,244)	\$ 948	\$ (8,816)	\$ 318	\$ (1,372)	\$ (1,383)	\$ (546)	\$ (11,273)	\$ (13,412)	\$ (20,185)
Business-type activities	7,831	538	(5,678)	(9,212)	(863)	(1,682)	(5,070)	1,823	(223)	2,339
Total primary government	<u>\$ 3,587</u>	<u>\$ 1,486</u>	<u>\$ (14,494)</u>	<u>\$ (8,894)</u>	<u>\$ (2,235)</u>	<u>\$ (3,065)</u>	<u>\$ (5,616)</u>	<u>\$ (9,450)</u>	<u>\$ (13,635)</u>	<u>\$ (17,846)</u>

concluded

Note: The County implemented GASB Statement 54 beginning in fiscal 2011, which resulted in the reclassification of certain funds between Governmental Activities and Business-type Activities. The amounts on this schedule for fiscal years 2007 to 2010 have not been retroactively adjusted for these reclassifications.

GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015. This resulted in presentation of the County's net pension liability on the statement of net position. Prior years were not restated.

COUNTY OF MUSKEGON, MICHIGAN

(Unaudited)
Schedule B-3

Fund Balances, Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)
(in thousands of dollars)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund:										
Reserved	\$ 589	\$ 589	\$ 589	\$ 589	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	8,071	8,479	8,592	8,597	-	-	-	-	-	-
Nonspendable	-	-	-	-	2,914	2,738	2,528	3,838	1,577	1,320
Restricted	-	-	-	-	158	114	45	59	70	101
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	40	-	-	-	628
Unassigned	-	-	-	-	8,253	7,839	7,217	5,808	7,926	8,310
Total general fund	<u>\$ 8,660</u>	<u>\$ 9,068</u>	<u>\$ 9,181</u>	<u>\$ 9,186</u>	<u>\$ 11,325</u>	<u>\$ 10,731</u>	<u>\$ 9,790</u>	<u>\$ 9,705</u>	<u>\$ 9,573</u>	<u>\$ 10,359</u>
All Other Governmental Funds:										
Reserved	\$ 1,858	\$ 1,445	\$ 1,405	\$ 1,189	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special Revenue Funds	16,036	13,218	9,245	5,761	-	-	-	-	-	-
Debt Service Funds	1,801	2,024	2,685	986	-	-	-	-	-	-
Capital Projects Funds	7,661	11,113	8,103	5,402	-	-	-	-	-	-
Permanent Funds	51	50	47	47	-	-	-	-	-	-
Nonspendable	-	-	-	-	1,193	1,134	1,072	1,084	1,005	989
Restricted	-	-	-	-	3,846	4,005	3,514	24,706	5,681	2,861
Committed	-	-	-	-	351	335	279	214	1,690	986
Assigned	-	-	-	-	2,962	1,512	5,210	379	51	291
Unassigned (deficit)	-	-	-	-	-	-	-	-	-	(2)
Total all other governmental funds	<u>\$ 27,407</u>	<u>\$ 27,850</u>	<u>\$ 21,485</u>	<u>\$ 13,385</u>	<u>\$ 8,352</u>	<u>\$ 6,986</u>	<u>\$ 10,075</u>	<u>\$ 26,383</u>	<u>\$ 8,427</u>	<u>\$ 5,125</u>
Total Fund Balance for Governmental Funds	<u>\$ 36,067</u>	<u>\$ 36,918</u>	<u>\$ 30,666</u>	<u>\$ 22,571</u>	<u>\$ 19,677</u>	<u>\$ 17,717</u>	<u>\$ 19,865</u>	<u>\$ 36,088</u>	<u>\$ 18,000</u>	<u>\$ 15,484</u>

Note: Fund balance classification categories changed in 2011 to comply with the requirements of GASB Statement 54.

COUNTY OF MUSKEGON, MICHIGAN

(Unaudited)
Schedule B-4

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)
(in thousands of dollars)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes	\$ 36,902	\$ 29,559	\$ 28,981	\$ 28,892	\$ 25,242	\$ 27,033	\$ 27,327	\$ 28,295	\$ 28,309	\$ 27,253
Operating grants and contributions	35,229	34,958	34,476	35,831	38,465	33,313	31,894	29,187	30,660	25,615
Charges for services	87,132	88,447	92,835	95,624	88,627	84,981	87,758	67,555	65,530	66,228
Other	8,734	8,302	12,646	8,947	9,441	7,248	7,040	6,653	3,898	3,956
Total revenues	167,997	161,266	168,938	169,294	161,775	152,575	154,019	131,690	128,397	123,052
Expenditures										
General county government	20,574	18,627	18,511	17,491	17,487	15,155	16,267	17,271	20,276	20,090
Judicial	8,294	8,410	8,503	8,636	8,578	8,075	7,938	8,287	8,384	8,615
Public safety	13,243	13,242	13,281	13,323	13,620	12,652	14,800	15,079	14,878	15,273
Health	112,990	107,987	113,626	114,349	105,454	102,830	105,231	81,715	76,579	74,199
Welfare	10,103	12,224	13,921	14,246	11,598	9,177	8,101	7,349	6,692	1,934
Other	1,987	2,453	2,569	2,142	2,941	4,063	1,251	1,296	1,285	1,243
Capital outlay	1,706	1,422	5,876	2,753	1,488	2,079	3,306	21,817	16,893	3,188
Debt service:										
Principal	1,540	1,715	11,475	4,160	1,470	1,375	1,690	1,745	1,800	1,840
Interest	864	873	736	691	739	669	625	1,490	2,386	2,330
Other	143	2	1	-	-	-	-	-	-	-
Total expenditures	171,444	166,955	188,499	177,791	163,375	156,075	159,209	156,049	149,173	128,712
Excess of revenues under expenditures	(3,447)	(5,689)	(19,561)	(8,497)	(1,600)	(3,500)	(5,190)	(24,359)	(20,776)	(5,660)
Other Financing Sources (Uses)										
Proceeds from borrowing	995	6,000	13,875	4,315	-	-	-	38,870	981	-
Proceeds from refunding	-	-	-	-	4,780	-	-	-	-	-
Payments to escrow agents	-	-	-	(4,356)	(4,638)	-	-	-	-	-
Transfers in	17,066	16,136	17,594	16,388	13,774	13,092	17,640	15,374	10,713	12,026
Transfers out	(17,494)	(15,602)	(18,187)	(15,967)	(14,415)	(11,567)	(10,302)	(13,701)	(9,174)	(8,888)
Sale of capital assets	1,460	7	26	23	7	15	-	39	168	6
Total other financing sources (uses)	2,027	6,541	13,308	403	(492)	1,540	7,338	40,582	2,688	3,144
Net change in fund balances	\$ (1,420)	\$ 852	\$ (6,253)	\$ (8,094)	\$ (2,092)	\$ (1,960)	\$ 2,148	\$ 16,223	\$ (18,088)	\$ (2,516)
Debt service as a percentage of noncapital expenditures	1.51%	1.57%	6.73%	2.98%	1.36%	1.33%	1.48%	3.13%	3.15%	3.33%

COUNTY OF MUSKEGON, MICHIGAN

(Unaudited)
Schedule C-1

Tax Revenues by Source, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(in thousands of dollars)

Fiscal Year	Property Taxes	Accommodations Tax	Liquor Tax	Total
2007	\$ 35,761	\$ 840	\$ 866	\$ 37,467
2008	28,410	830	947	30,187
2009	27,932	747	910	29,589
2010	27,182	842	869	28,893
2011	26,106	854	953	27,913
2012	24,593	910	1,095	26,598
2013	24,624	915	1,273	26,598
2014	25,218	1,096	1,403	27,717
2015	25,674	1,153	1,463	28,290
2016	25,241	1,208	784	27,233
Change 2007-2016	-29.4%	43.8%	-9.5%	-27.3%

COUNTY OF MUSKEGON, MICHIGAN

(Unaudited)
Schedule C-2

Assessed and Taxable Value of Taxable Property

Last Ten Fiscal Years

(accrual basis of accounting)

(in millions of dollars)

Fiscal Year	Assessed Value			Taxable Value			Total Direct Tax Rate per \$1,000	Percentage of Taxable to Assessed Value
	Real Property	Personal Property	Total Assessed	Real Property	Personal Property	Total Taxable		
2007	\$ 5,149	\$ 395	\$ 5,544	\$ 4,101	\$ 395	\$ 4,496	6.74	81.10 %
2008	5,255	414	5,669	4,233	414	4,647	6.70	81.97
2009	5,072	417	5,489	4,297	418	4,715	6.70	85.90
2010	4,798	422	5,220	4,142	422	4,564	6.70	87.43
2011	4,508	435	4,943	4,007	435	4,442	6.70	89.86
2012	4,289	457	4,746	3,883	457	4,340	6.70	91.45
2013	4,145	465	4,610	3,799	465	4,264	6.70	92.49
2014	4,240	467	4,707	3,825	467	4,292	6.66	91.18
2015	4,382	484	4,866	3,867	484	4,351	6.64	89.42
2016	4,561	367	4,928	3,913	367	4,280	6.64	86.85

Source: Muskegon County Equalization Department

Assessed value approximates 50% of market value.

COUNTY OF MUSKEGON, MICHIGAN

(Unaudited)
Schedule C-3

Principal Property Tax Payers

Current Year and Nine Years Ago

(in thousands of dollars)

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Consumers Energy	\$ 112,510	1	2.63 %	\$ 131,109	1	2.92 %
DTE Energy	38,094	2	0.89	29,877	5	0.66
Alcoa Howmet	23,122	3	0.54	46,764	2	1.04
L3 Communications Corp	16,704	4	0.39	14,768	10	0.33
Michigan Electric Transmission Co	15,153	5	0.35	—	—	—
THF Fruitport Development LP	14,761	6	0.34	16,650	8	0.37
Meijer Inc	14,132	7	0.33	19,973	7	0.44
The Lakes Mall LLC	12,998	8	0.30	—	—	—
Bayer CropScience	11,465	9	0.27	—	—	—
Cannon Muskegon Corp	10,802	10	0.25	—	—	—
Sappi Paper Products	—	—	—	35,859	3	0.80
Hayes-Lemmerz International	—	—	—	31,786	4	0.71
Sun Chemical of Michigan LLC	—	—	—	25,744	6	0.57
Johnson Technology Inc	—	—	—	15,777	9	0.35
Total	<u>\$ 269,741</u>		<u>6.29 %</u>	<u>\$ 368,307</u>		<u>8.19 %</u>

Source: Muskegon County Equalization Department

COUNTY OF MUSKEGON, MICHIGAN

(Unaudited)
Schedule C-4

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(rate per \$1,000 of assessed value)

Fiscal Year	County / Veterans / Museum / Central Dispatch			Overlapping Rates						Grand Total Direct & Overlap Rates
	Operating Millage (1)	Debt Millage (2)	Total Millage	City / Township / Village			School Districts / Authorities / College			
				Operating Millage	Debt Millage	Total Millage	Operating Millage (3)	Debt Millage	Total Millage	
2007	6.40	0.34	6.74	7.06	—	7.06	20.25	7.00	27.25	41.05
2008	6.40	0.30	6.70	6.98	—	6.98	20.95	7.00	27.95	41.63
2009	6.40	0.30	6.70	NLP	—	—	NLP	7.00	7.00	13.70
2010	6.40	0.30	6.70	NLP	—	—	NLP	7.00	7.00	13.70
2011	6.40	0.30	6.70	NLP	—	—	NLP	—	—	6.70
2012	6.40	0.30	6.70	NLP	—	—	NLP	—	—	6.70
2013	6.40	0.30	6.70	NLP	—	—	NLP	—	—	6.70
2014	6.40	0.26	6.66	NLP	—	—	NLP	—	—	6.70
2016	6.40	0.24	6.64	NLP	—	—	NLP	—	—	6.64

Source: Equalization Department

⁽¹⁾ Museum, Veterans, and Central dispatch operating millage equals between .08 and .32 mills

⁽²⁾ County debt was issued for the renovation of a performing arts complex

⁽³⁾ Authority operating millage equals between .30 and .75 operating mills

NLP: No longer provided

COUNTY OF MUSKEGON, MICHIGAN

(Unaudited)
Schedule C-5

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended Sept 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 24,582,300	\$ 22,614,273	91.99 %	\$ 1,968,027	\$ 24,582,300	100.0 %
2008	25,301,393	23,306,986	92.12	1,994,407	25,301,393	100.0
2009	25,599,033	24,000,311	93.75	1,598,722	25,599,033	100.0
2010	24,931,584	23,448,461	94.05	1,483,123	24,931,584	100.0
2011	24,132,584	22,734,021	94.21	1,398,563	24,132,584	100.0
2012	24,477,289	17,350,129	94.86	7,127,160	24,477,289	100.0
2013	23,354,910	22,154,078	94.57	N/A	N/A	N/A
2014	23,147,059	21,890,440	95.21	N/A	N/A	N/A
2015	23,258,806	22,121,481	95.21	N/A	N/A	N/A
2016	23,698,241	22,650,305	95.58	N/A	N/A	N/A

Source: Muskegon County Treasurer's Office

N/A = Information not available

COUNTY OF MUSKEGON, MICHIGAN

(Unaudited)
Schedule D-1

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(dollars in thousands, except per capita)

Fiscal Year	Governmental Activities			Business-Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds (2)	Other Debt	Building Authority Bonds (3)	Revenue Bonds	General Obligation Bonds	Local Govt Public Works Bonds	Delinquent Tax Notes			
2007	\$ 11,355	\$ -	\$ 7,850	\$ 43,399	\$ -	\$ 28,980	\$ 10,500	\$ 102,084	2.14	\$ 587.57
2008	10,430	-	7,035	59,717	-	34,605	12,500	124,287	2.54	714.93
2009	7,725	-	12,345	72,449	-	33,990	14,500	141,009	3.00	816.24
2010	13,910	-	10,870	89,542	-	31,020	14,500	159,842	3.29	928.87
2011	12,875	95	10,685	87,055	-	30,035	15,500	156,245	3.06	912.10
2012	11,510	2,104	10,415	82,718	-	28,965	16,000	151,712	2.81	891.47
2013	10,200	1,414	9,860	78,383	-	27,845	16,000	143,702	2.59	840.32
2014	53,847	1,167	9,285	74,382	-	26,700	16,008	181,389	3.27	1,060.70
2015	54,847	428	8,685	70,206	3,892	26,078	16,419	180,555	3.19	1,047.64
2016	53,052	653	8,065	65,649	3,877	24,689	16,064	172,049	2.88	995.71

Note: Details regarding the county's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics in this section for personal income and population data.

(2) Includes Building Authority unlimited tax bonds

(3) Includes Building Authority limited tax bonds

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

(dollars in thousands, except per capita)

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
	General Obligation Bonds	Building Authority Bonds	Total		
2007	\$ 11,355	\$ 7,850	\$ 19,205	0.45 %	\$ 110.56
2008	10,430	7,035	17,465	0.39	100.52
2009	7,725	11,315	19,040	0.41	109.52
2010	13,910	10,870	24,780	0.53	143.44
2011	12,875	10,685	23,560	0.52	136.92
2012	11,510	10,415	21,925	0.51	127.99
2013	10,200	9,860	20,060	0.47	117.30
2014	53,847	9,285	63,132	1.47	366.31
2015	54,847	8,685	63,532	1.46	368.63
2016	53,052	8,065	61,117	1.43	353.71

Notes: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

There are no significant resources that are restricted to repaying the principal of outstanding general bonded debt.

(1) See Schedule C-2 for property taxable value data.

(2) Population data can be found in Schedule E-2.

COUNTY OF MUSKEGON, MICHIGAN

(Unaudited)
Schedule D-3

Direct and Overlapping Governmental Activities Debt
As of September 30, 2016

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Overlapping debt:			
School Districts (K-12)	\$ 569,017,411	62.431%	\$ 355,240,931
Cities, Villages, and Townships	74,956,560	100.000%	74,956,560
Muskegon Community College	28,265,000	100.000%	28,265,000
Hackley Public Library	2,795,000	100.000%	2,795,000
White Lake Community Library	465,000	100.000%	465,000
Ottawa Area Intermediate School District	2,970,000	1.210%	35,937
Newaygo Area Intermediate School District	1,125,000	3.170%	35,663
Subtotal, overlapping debt			<u>461,794,091</u>
County direct debt, governmental activities			<u>61,770,008</u>
Total direct and overlapping debt			<u><u>\$ 523,564,099</u></u>

Source: Municipal Advisory Council of Michigan

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the county. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the County of Muskegon. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account; however, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total taxable assessed value.

COUNTY OF MUSKEGON, MICHIGAN

(Unaudited)
Schedule D-4

Legal Debt Margin Information

Last Ten Fiscal Years

(dollars in thousands)

Legal Debt Margin Calculation for Fiscal Year 2016

Assessed value (000s)	\$4,928,651
Debt limit percentage	10%
Debt limit (10% of SEV)	<u>\$ 492,865</u>
Debt applicable to limit:	
General obligation bonds (1)	56,929
Other debt	653
Building authority bonds (2)	8,065
Revenue bonds	65,649
Local Govt Public Works Finance	24,689
Delinquent tax notes	<u>16,064</u>
Total net debt applicable to limit	<u>172,049</u>
Legal debt margin	<u><u>\$ 320,816</u></u>

		Fiscal Year									
		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	(a)	\$ 554,383	\$ 566,879	\$ 548,943	\$ 522,120	\$ 494,300	\$ 474,649	\$ 461,026	\$ 470,692	\$ 486,642	\$ 492,865
Total net debt applicable to limit	(b)	<u>99,972</u>	<u>104,790</u>	<u>134,787</u>	<u>140,510</u>	<u>156,245</u>	<u>151,712</u>	<u>143,702</u>	<u>181,389</u>	<u>180,555</u>	<u>172,049</u>
Legal debt margin available	(a-b)	<u><u>\$ 454,411</u></u>	<u><u>\$ 462,089</u></u>	<u><u>\$ 414,156</u></u>	<u><u>\$ 381,610</u></u>	<u><u>\$ 338,055</u></u>	<u><u>\$ 322,937</u></u>	<u><u>\$ 317,324</u></u>	<u><u>\$ 289,303</u></u>	<u><u>\$ 306,087</u></u>	<u><u>\$ 320,816</u></u>
Total net debt applicable to limit as a percentage of debt limit	(b/a)	18.03%	18.49%	24.55%	26.91%	31.61%	31.96%	31.17%	38.54%	37.10%	34.91%
County net debt limit as a percentage of total State Equalized Value (1)		1.80%	1.85%	2.46%	2.69%	3.16%	3.20%	3.12%	3.85%	3.71%	3.49%

Note: Under Michigan State law, the County of Muskegon's outstanding debt should not exceed 10% of state equalized value less amounts available for repaying the applicable bonds.

(1) Includes Building Authority unlimited tax bonds

(2) Includes Building Authority limited tax bonds

COUNTY OF MUSKEGON, MICHIGAN

(Unaudited)
Schedule D-5

Pledged-Revenue Coverage

Last Ten Fiscal Years

(dollars in thousands)

Fiscal Year	Pledged Revenues - Wastewater Revenue Bonds						Admin + Operations & Maint Exp	"Net Revenues"	Debt Service		Coverage
	Sewer Charges	Farm Sales	Other Operating	Interest Earnings	Operating Subsidies	"Total Revenues"			Principal	Interest	
						(1)	(2)	(3)			
2007	\$ 12,075	\$ 1,756	\$ -	\$ 546	\$ 683	\$ 15,060	\$ 9,380	\$ 5,680	\$ 2,420	\$ 1,173	158 %
2008	13,832	2,138	-	532	276	16,778	11,032	5,746	2,545	1,260	151
2009	13,816	1,854	276	184	55	16,185	11,551	4,634	2,315	1,293	128
2010	10,221	1,822	2	59	132	12,236	7,765	4,471	3,675	1,822	81
2011	11,048	2,768	96	83	-	13,995	9,672	4,323	2,959	1,408	99
2012	13,524	2,942	33	85	926	17,510	8,868	8,642	3,825	1,991	149
2013	14,854	3,348	45	77	152	18,476	8,695	9,781	3,840	1,585	180
2014	15,713	2,284	94	132	56	18,279	8,501	9,778	3,880	1,509	181
2015	15,649	2,288	140	195	65	18,337	8,793	8,338	3,925	1,542	153
2016	16,553	2,495	41	229	289	19,607	9,615	9,992	3,970	1,479	183

(1) "Revenues" is defined by Section 3 of Act 94 of 1933 as "the income derived from the rates charged for the services, facilities, and commodities furnished by a public improvement. Revenues include, to the extent provided in the authorizing ordinance, earnings on investment of funds of the public improvement and other revenues derived from or pledged to operation of the public improvement."

(2) Does not include depreciation expense.

(3) Per Section 3 of Act 94 of 1933, "'Net Revenues' means the revenues of a public improvement remaining after deducting the reasonable expenses of administration, operation, and maintenance of the public improvement."

COUNTY OF MUSKEGON, MICHIGAN

(Unaudited)
Schedule E-1

Principal Employers

Current Year and Nine Years Ago

Employer	2016			2007		
	Employees (1)	Rank	Percentage of Total County Employment (2)	Employees (3)	Rank	Percentage of Total County Employment (2)
Mercy Health Partners	4,114	1	5.2 %	3,466 (4)	2/3	4.0 %
Alcoa Howmet	2,200	2	2.8	2,442	1	2.8
County of Muskegon	1,030	3	1.3	1,245	4	1.4
ADAC Automotive	970	4	1.2	—		—
Meijer	900	5	1.1	958	6	1.1
Port City Group	784	6	1.0	—		—
Chassix (Diversified Machine, Inc.)	701	7	0.9	—		—
Hines Corporation Companies	690	8	0.9	—		—
GE Aviation	660	9	0.8	—		—
Muskegon Public Schools	503	10	0.6	960	5	1.1
Muskegon Correctional Facility	—		—	820	7	1.0
L3 Communications	—		—	530	8	0.6
Johnson Technology Inc	—		—	500	9	0.6
ADAC Plastics	—		—	478	10	0.6
Total	12,552		15.8 %	11,399		13.2 %

(1) Sources: Muskegon Area First, Muskegon County Payroll, Muskegon Public Schools

(2) Total County Employment Source: Michigan Department of Technology, Management & Budget

(3) Source: Muskegon County 2007 Comprehensive Annual Financial Report

(4) In 2007 the third largest employer was Mercy General Health Partners with 1,466 employees and the second largest was Hackley Hospital with 2,000. These two organizations have since merged to become Mercy Health Partners.

Demographic and Economic Statistics
Last Ten Calendar Years

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
	(1)	(1)	(1)	(2)	(3)	(4)
2006	173,710	\$ 4,627,783	\$ 26,641	35.5	31,796	6.8
2007	173,738	4,765,807	27,431	35.5	31,488	7.1
2008	173,846	4,898,789	28,233	35.5	30,713	8.5
2009	172,755	4,705,478	27,984	35.5	30,977	14.5
2010	171,969	5,006,786	29,114	38.2	30,021	13.5
2011	170,021	5,234,139	30,785	38.2	29,243	10.2
2012	170,182	5,392,301	31,685	38.2	28,787	8.8
2013	171,008	5,541,481	32,405	37.2	28,347	9.0
2014	172,344	5,662,490	32,856	39.0	27,905	7.4
2015	172,790	5,979,311	34,604	39.1	27,586	5.6

Sources: (1) Population and personal income information provided by the U.S. Department of Commerce

(2) Median age from decennial data provided by U.S. Census Bureau

(3) School enrollment information provided by State of Michigan Center for Educational Performance and Information (CEPI)

(4) Unemployment data provided by State of Michigan Department of Technology, Management and Budget (DTMB)

Note: Unemployment rate information is an adjusted yearly average.

COUNTY OF MUSKEGON, MICHIGAN

(Unaudited)
Schedule F-1

County Government Employee Headcount by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Legislative										
Board of Commissioners	11	11	11	11	11	11	11	9	9	9
General Government										
Administration	9	9	8	9	4	6	7	8	9	7
Corporate Counsel	-	-	-	-	-	-	-	-	-	-
County Clerk/Circuit Court Records	15	15	15	15	14	14	14	14	17	15
Prosecutor's Office	35	34	33	32	31	32	27	27	28	28
Treasurer's Office	10	10	10	10	9	9	9	9	10	9
Equalization	22	25	24	24	23	20	20	19	21	20
Register of Deeds	9	9	9	9	8	8	8	9	9	8
Drain Commissioner	5	5	4	4	4	6	11	11	11	9
Accounting/Budget	10	9	9	9	10	7	8	9	9	8
Human Resources	5	5	6	6	3	3	3	2	3	3
Purchasing	4	4	3	3	3	3	2	-	-	-
Office Services	3	3	3	3	3	2	2	2	2	2
Information Systems	8	8	8	8	8	7	5	5	5	6
Risk Management	8	8	9	9	8	8	10	9	10	10
Facilities Management	16	18	16	16	15	15	13	13	13	13
Judicial										
Circuit Court	24	22	22	22	22	23	23	24	23	24
District Court	63	63	63	64	65	64	63	63	65	64
Family Court	80	78	80	81	69	66	66	69	77	74
Probate Court	7	7	7	7	7	7	7	7	7	7
Public Defender	-	-	-	-	-	-	-	16	16	16
Public safety										
Sheriff	137	135	134	135	134	125	122	119	122	117
Animal Licensing	-	-	-	-	-	-	4	4	4	3
Courtroom Security	8	9	8	8	8	8	9	9	9	10
Community Corrections	5	8	8	8	5	6	4	4	4	4
Emergency Services	2	2	2	2	2	2	1	2	2	2

COUNTY OF MUSKEGON, MICHIGAN

(Unaudited)
Schedule F-1

County Government Employee Headcount by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Health										
Public Health	85	86	87	87	81	83	72	75	65	59
Mental Health	329	333	341	346	342	350	370	402	400	359
Brookhaven Medical Care	242	274	270	268	269	269	270	207	170	174
Water system	2	2	2	2	3	3	3	3	3	3
Wastewater	57	57	57	57	54	52	54	55	53	46
Solid Waste	14	13	14	13	14	14	15	15	15	15
Welfare										
Child Haven	16	16	16	16	16	16	16	16	16	16
Juvenile Detention Center	27	27	27	27	29	36	37	37	37	35
Workforce Development	23	23	23	24	12	14	14	70	65	-
Cultural										
MSU Cooperative Extension	1	1	1	1	1	1	1	1	1	-
District Library	39	-	-	-	-	-	-	-	-	-
Parks and Recreation										
County Parks	22	22	22	22	22	22	22	22	23	22
Convention/Visitor's Bureau	7	7	8	8	6	6	6	7	8	6
Airport	13	13	12	13	12	13	12	12	11	11
Transit	46	46	46	46	54	55	58	65	73	73
Total	1,419	1,417	1,418	1,425	1,382	1,386	1,399	1,450	1,425	1,287

Source: Muskegon County Budget Office

COUNTY OF MUSKEGON, MICHIGAN

(Unaudited)
Schedule F-2

Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public Safety Police										
Bookings	11,083	10,475	9,567	8,743	8,436	8,654	8,149	7,981	7,889	9,038
Traffic Stops	2,836	2,025	2,135	1,964	2,147	3,160	3,512	2,543	2,677	3,278
Verbal Warnings	1,082	1,421	1,747	2,130	2,419	2,788	2,823	1,874	1,997	2,393
Citations	2,460	2,082	1,393	1,721	1,377	1,299	1,693	1,336	1,069	1,137
Public Safety-Corrections										
Average Daily Jail Population	409	403	401	403	401	407	405	403	407	453
Avg Population as Pct of Capacity	111%	109%	108%	109%	108%	110%	109%	109%	110%	81%
Sanitation										
Refuse collected (tons)	125,775	147,484	104,984	128,850	137,467	102,729	109,580	115,089	142,467	174,385
Recyclables collected (tons)	22	16	18	79	65	63	44	76	101	95
Water										
New connections	152	91	70	194	61	60	48	46	57	61
Average daily consumption (thousands of gallons)	680	560	1,108	520	1,195	1,216	1,159	1,112	1,122	1,111
Wastewater										
Average daily sewer treatment (million gallons)	20	20	16	13	12	12	12	12	12	12
District Court										
Cases filed	48,304	47,631	42,527	39,993	34,796	36,868	36,656	37,588	36,304	33,017
Cases disposed	48,431	47,584	45,331	40,937	39,045	40,789	39,152	38,399	42,049	38,422
Cases pending	6,450	7,036	4,571	13,915	4,609	5,210	4,717	4,532	6,147	4,758
Airport										
Total landings / take-offs	53,852	62,538	58,137	47,373	37,017	34,599	31,383	32,675	31,518	25,659
Passengers	63,651	63,957	35,119	27,362	27,711	37,724	36,634	35,641	36,484	39,512
Transit										
Total Vehicle Miles	569,060	547,048	534,484	595,223	695,211	790,430	784,796	786,389	919,108	934,391
Total Revenue Miles	554,256	513,873	530,039	595,217	676,887	713,705	707,842	731,656	849,739	867,714
Total Passengers	529,377	611,162	617,828	641,416	739,283	719,908	731,633	708,461	652,037	581,742

Source: Sheriff's Department, Road Commission, Solid Waste, Wastewater, District Court, County Airport, Transit System

COUNTY OF MUSKEGON, MICHIGAN

(Unaudited)
Schedule F-3

Capital Asset Statistics by Function / Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public Safety-Sheriff Patrol Units	24	24	25	25	30	27	29	29	29	29
Public Safety-Corrections Jail Capacity	370	370	370	370	370	370	370	370	558	558
Culture and Recreation Parks Acreage	337	337	337	337	337	337	337	337	337	337
Parks	6	6	6	6	6	6	6	6	6	6
Sewer Storm and Sanitary (miles)	278	278	278	278	278	278	278	278	278	278
Maximum Daily Treatment Capacity (millions of gallons)	42	42	42	42	42	42	42	42	42	42
Airport Capacity (thousand of passengers)	118	91	66	63	70	73	73	73	71	70
Transit Number of Buses	22	22	17	17	21	24	37	37	37	36
Solid Waste Total Capacity (thousand cubic yards)	3,778	3,778	3,778	3,778	3,778	3,778	3,778	3,819	3,819	4,685
Remaining Capacity (thousand cubic yards)	2,099	1,952	1,816	1,695	1,596	1,517	1,388	1,231	1,114	1,114
Remaining Capacity (percent of total)	55.6%	51.7%	48.1%	44.9%	42.2%	40.2%	36.7%	32.2%	29.2%	23.8%

COUNTY OF MUSKEGON, MICHIGAN

(Unaudited)

Muskegon Area Transit System Fund

Schedule 2

Schedule of Expenditures of State and Federal Awards

For the Year Ended September 30, 2016

Federal and State Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grant No./ Authorization Number	Program Award Amount	Current Year Expenditures				Prior Year's Expended	Award Amount Remaining
				Total	Federal	State	Local		
U.S. Department of Transportation									
Capital assistance - section 5307	20.507	MI-90-X670-00	\$ 3,409,841	\$ 295,559	\$ 295,559	\$ -	\$ -	\$ 2,975,018	\$ 139,264
Capital assistance - section 5307	20.507	MI-90-X698-00	1,136,441	780,564	780,564	-	-	355,877	-
Capital assistance - section 5307	20.507	MI-2016-027	2,233,702	891,941	891,941	-	-	-	1,341,761
Capital grant - section 5309 - capital assistance	20.500	MI-03-0228	485,888	5,058	5,058	-	-	480,830	-
Capital grant - section 5309 - facility development	20.500	MI-04-0069	451,440	73,849	73,849	-	-	304,339	73,252
Capital grant - CMAQ capital assistance/CMAQ marketing	20.507	MI-95-X094-00	1,035,379	208,723	208,723	-	-	304,467	522,189
Passed through Michigan Department of Transportation:									
FTA/MDOT Section 5339 Terminal equipment	20.526	2012-0138-P008	158,961	940	940	-	-	158,021	-
FTA/MDOT Section 5317 New Freedom (bus shelters)	20.521	2012-0138/P20/R1	200,000	120,000	120,000	-	-	-	80,000
Section 5310 Enhanced Mobility	20.513	2012-0138/P013	80,000	11,105	11,105	-	-	301	68,594
Section 5339 Bus and Facilities Formula	20.526	2012-0138-P018	161,009	14,280	14,280	-	-	16,980	129,749
Total U.S. Department of Transportation				2,402,019	2,402,019	-	-	4,595,833	2,354,809
Michigan Department of Transportation									
Operating Assistance - formula funding	N/A	FY16	946,866	946,866	-	946,866	-	-	-
Operating Assistance - prior years	N/A	Prior Years	247,646	247,646	-	247,646	-	-	-
Bus Station Engineering & Design	N/A	07-0264/Z2	121,472	1,265	-	1,265	-	120,207	-
Project Administration/facility development	N/A	07-0264/Z22	112,860	18,462	-	18,462	-	76,085	18,313
Preventative maintenance/support vehicles/support equipment	N/A	12-0138/P007	322,000	37,533	-	37,533	-	249,650	34,817
Terminal equipment	N/A	12-0138/P008	39,740	235	-	235	-	39,505	-
CMAQ Marketing/acquire replacement bus	N/A	12-0138/P009	168,845	22,181	-	22,181	-	46,117	100,547
Section 5310 Enhanced Mobility Match	N/A	12-0138/P013	20,000	2,776	-	2,776	-	75	17,149
Specialized Services	N/A	12-0138/P015	65,499	16,380	-	16,380	-	49,119	-
Section 5339 Bus and Facilities Formula Match	N/A	12-0138/P018	40,252	3,570	-	3,570	-	4,245	32,437
Section 5307 Match	N/A	12-0138/P019	100,000	11,030	-	11,030	-	88,970	-
Section 5310 New Freedom Program Match/bus stop improvements	N/A	12-0138/P020/R1	50,000	30,000	-	30,000	-	-	20,000
Specialized Services	N/A	12-0138/P021	65,499	49,119	-	49,119	-	-	16,380
Section 5307 Match	N/A	12-0138/P022	120,235	93,260	-	93,260	-	-	26,975
Total Michigan Department of Transportation				1,480,323	-	1,480,323	-	673,973	266,618
Total Expenditures of Federal and State Awards				\$ 3,882,342	\$ 2,402,019	\$ 1,480,323	\$ -	\$ 5,269,806	\$ 2,621,427

COUNTY OF MUSKEGON, MICHIGAN

(Unaudited)

Muskegon Area Transit System Fund

Schedule 4E

Urban Regular Service Expense Report

For the Year Ended September 30, 2016

	Operations	Maintenance	General Administration	Total System
Operating expenses				
Labor				
Salaries and wages - operators	\$ 1,544,158	\$ -	\$ 38,490	\$ 1,582,648
Salaries and wages - other	-	188,389	295,875	484,264
Fringe benefits	507,321	65,839	100,405	673,565
Other postemployment benefits	222,230	33,304	36,944	292,478
Pension - defined benefit	401,616	56,358	92,277	550,251
Pension - defined contribution	6,856	717	2,365	9,938
Services				
Advertising	50,000	-	52,648	102,648
Audit	-	-	5,085	5,085
Other services	-	13,931	17,893	31,824
Materials and supplies				
Fuel	270,454	-	-	270,454
Tires and tubes	48,394	-	-	48,394
Other materials and supplies	15,779	324,092	253,311	593,182
Casualty and liability costs				
Liability insurance	135,280	-	-	135,280
Other insurance	-	-	9,948	9,948
Utilities				
Utilities	-	-	105,824	105,824
Miscellaneous				
Travel, meetings and training	-	-	3,729	3,729
Association dues and subscriptions	-	-	16,793	16,793
Loss on disposal of assets	6,749	-	-	6,749
Equipment leases				
Equipment leases	-	-	895	895
Depreciation				
Depreciation	934,742	-	60	934,802
Total operating expenses	4,143,579	682,630	1,032,542	5,858,751

continued...

Muskegon Area Transit System Fund
 Schedule 4E
 Urban Regular Service Expense Report
 For the Year Ended September 30, 2016

	Operations	Maintenance	General Administration	Total System
Ineligible expenses				
Ineligible depreciation	\$ 934,742	\$ -	\$ -	\$ 934,742
Ineligible portion of association dues	-	-	2,214	2,214
Ineligible expense with advertising	-	-	3,472	3,472
Ineligible other postemployment benefit	149,331	22,300	25,956	197,587
Net pension expense not paid	252,995	35,541	58,014	346,550
Ineligible increase in compensated absences	-	-	12,768	12,768
Ineligible preventive maintenance	82,520	624,795	1,521	708,836
Ineligible loss on disposal of capital assets	6,749	-	-	6,749
Expenses paid by capital contracts	170,000	-	210,904	380,904
Total ineligible expenses	<u>1,596,337</u>	<u>682,636</u>	<u>314,849</u>	<u>2,593,822</u>
Total eligible expenses				<u><u>\$ 3,264,929</u></u>
Reconciliation of operating expenses to the financial statements				
Operating expenses per above				\$ 5,858,751
Specialized services				65,499
Bus shelters specific funding				15,669
Noncapital specific funding				8,025
Capital items specific funding				58,829
Total expense (state reporting)				<u>6,006,773</u>
Less: capital asset included above as an expense (preventive maintenance grant)				<u>(6,408)</u>
Total financial statement expenses				<u><u>\$ 6,000,365</u></u>
Expenses as presented on the Statement of Revenues, Expenses, and Change in Fund Net Position				
Operating expenses				\$ 5,993,616
Nonoperating expenses				<u>6,749</u>
Total expense				<u><u>\$ 6,000,365</u></u>

concluded

Muskegon Area Transit System Fund
 Schedule 4N
 Urban Regular Service Nonfinancial Report
 For the Year Ended September 30, 2016

	Miles	Hours
Linehaul		
First Quarter	163,244	11,201
Second Quarter	161,874	11,143
Third Quarter	165,970	11,298
Fourth Quarter	169,054	11,542
	<u>660,142</u>	<u>45,184</u>
Demand response		
First Quarter	52,598	3,112
Second Quarter	55,020	3,333
Third Quarter	49,936	3,122
Fourth Quarter	50,018	3,168
	<u>207,572</u>	<u>12,735</u>
Total operations	<u><u>867,714</u></u>	<u><u>57,919</u></u>

The methodology used for compiling miles and other nonfinancial data information used to allocate costs has been reviewed and the recording method has been found to be adequate and reliable.

Muskegon Area Transit System Fund
 Schedule 4R
 Urban Regular Service Revenue Report
 For the Year Ended September 30, 2016

	Linehaul	Demand Response	Total
Passenger fares	\$ 362,930	\$ 70,326	\$ 433,256
Concessions	2,971	-	2,971
Advertising	23,137	-	23,137
Greyhound commissions	29,474	-	29,474
Building rental	188	-	188
Other nontransit revenue	200	-	200
Alternative fuel reimbursement	48,168	-	48,168
Local operating assistance	167,974	-	167,974
	<u>635,042</u>	<u>70,326</u>	<u>705,368</u>
State Cash Grants/Reimbursements			
FY2016 Formula Funding	783,677	163,189	946,866
Prior Year Formula Funding	247,646	-	247,646
07-0264-Z002 Bus Station Engineering and Design	1,265	-	1,265
07-0264-Z022 Bus Station Project Engineering	18,462	-	18,462
12-0138-P007 Preventive Maintenance	37,533	-	37,533
12-0138-P008 Terminal Equipment	235	-	235
12-0138-P009 CMAQ Marketing	22,181	-	22,181
12-0138-P013 Enhanced Mobility Match	2,776	-	2,776
12-0138-P015 Specialized Services	16,380	-	16,380
12-0138-P018 New Freedom Mobility Mgt Match	3,570	-	3,570
12-0138-P019 Section 5307 Match	11,030	-	11,030
12-0138-P020/R1 Section 5310 New Freedom Program Match	30,000	-	30,000
12-0138-P021 Specialized Services	49,119	-	49,119
12-0138-P022 Section 5307 Match	93,260	-	93,260
	<u>1,317,134</u>	<u>163,189</u>	<u>1,480,323</u>

continued...

Muskegon Area Transit System Fund
 Schedule 4R
 Urban Regular Service Revenue Report
 For the Year Ended September 30, 2016

	Linehaul	Demand Response	Total
Federal Cash Grants/Reimbursements			
Assistance - Section 5307 - Formula	\$ 1,154,584	\$ 246,186	\$ 1,400,770
Preventive Maintenance	567,069	-	567,069
Other Capital Items - Section 5307	225	-	225
Other Capital Items - Section 5307	208,723	-	208,723
Other Capital Items - Section 5309	5,058	-	5,058
Other Capital Items - Section 5309	73,849	-	73,849
FTA/MDOT Section 5339 Terminal equipment	940	-	940
New Freedom - Section 5310	120,000	-	120,000
Enhanced mobility - Section 5310	11,105	-	11,105
Bus and Facilities Formula - Section 5339	14,280	-	14,280
	<u>2,155,833</u>	<u>246,186</u>	<u>2,402,019</u>
Other revenue			
Interest income	204	-	204
	<u>204</u>	<u>-</u>	<u>204</u>
Total revenues	<u>\$ 4,108,213</u>	<u>\$ 479,701</u>	<u>\$ 4,587,914</u>

concluded

Other nontransit revenue above includes scrap sales of \$200.

Muskegon Area Transit System Fund

Schedule 5
 Operating Assistance Calculation
 For the Year Ended September 30, 2016

State eligible expenses	
Labor	\$ 2,066,912
Fringe benefits	673,565
Other post employment benefits	292,478
Pension	560,189
Advertising and other service	134,472
Audit	5,085
Materials and supplies	912,030
Casualty and liability costs	135,280
Other insurance	9,948
Utilities	105,824
Miscellaneous	27,271
Equipment leases	895
Depreciation	<u>934,802</u>
 Total expenses	 <u>5,858,751</u>
 Less ineligible expenses	
Ineligible depreciation	934,742
Ineligible portion of association dues	2,214
Ineligible expense with advertising	3,472
Ineligible other post employment expense	197,587
Net pension expense not paid	346,550
Ineligible increase in compensated absences	12,768
Ineligible preventive maintenance	708,836
Ineligible loss on disposal of capital assets	6,749
Other expense paid by capital contract	<u>380,904</u>
 Total ineligible expenses	 <u>2,593,822</u>
 State eligible expenses	 <u>\$ 3,264,929</u>
 State operating assistance - 29.0011%	 <u>\$ 946,866</u>

The following cost allocation plans were adhered to in the preparation of the financial statements:
 2007 Central Service Cost Allocation Plan (submitted June 2008)

Pension and other postemployment amounts adjusted to include only amounts actually paid to MERS or the County-wide OPEB trust fund.

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COUNTY OF MUSKEGON, MICHIGAN

Muskegon Area Transit System Fund

Schedule 6

Annual OPEB Cost and Net OPEB Obligation Schedule

For the Year Ended September 30, 2016

	2008	2009	2010	2011
Annual required contribution	\$ 183,586	\$ 172,002	\$ 180,155	\$ 218,387
Interest on the prior year's net OPEB obligation	-	-	-	-
Adjustment to annual required contribution	-	-	-	-
Annual OPEB cost	<u>183,586</u>	<u>172,002</u>	<u>180,155</u>	<u>218,387</u>
Amount contributed:				
Payment of current premiums	183,586	172,002	180,155	218,387
Payment of prior year expenses	-	-	-	-
Payment of future expenses	-	-	-	-
Total amount contributed	<u>183,586</u>	<u>172,002</u>	<u>180,155</u>	<u>218,387</u>
Increase in OPEB obligation	-	-	-	-
OPEB obligation, beginning of year	-	-	-	-
Restatement	-	-	-	-
OPEB obligation, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Unaudited)

2012	2013	2014	2015	2016
\$ 163,222	\$ 167,997	\$ 169,920	\$ 215,781	\$ 291,469
-	-	-	-	25,179
-	-	-	-	(29,093)
<u>163,222</u>	<u>167,997</u>	<u>169,920</u>	<u>215,781</u>	<u>287,555</u>
163,222	167,997	169,920	90,507	89,291
-	-	-	-	-
-	-	-	-	-
<u>163,222</u>	<u>167,997</u>	<u>169,920</u>	<u>90,507</u>	<u>89,291</u>
-	-	-	125,274	198,264
-	-	-	-	314,732
-	-	-	189,458	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 314,732</u>	<u>\$ 512,996</u>

Muskegon Area Transit System Fund

Schedule 7

Pension Cost, Net Pension Liability and Deferred Items

For the Year Ended September 30, 2016

	2014	2015	2016
Annual financial statement pension expense	\$ 172,812	\$ 262,966	\$ 551,813
Change in net pension liability	-	(285,237)	(1,128,968)
Change in deferred outflow	-	210,972	781,308
Pension payments	<u>\$ 172,812</u>	<u>\$ 188,701</u>	<u>\$ 204,153</u>
Net pension liability, beginning of year	\$ -	\$ -	\$ (1,844,990)
Restatement	-	(1,559,753)	-
Change in net pension liability	-	(285,237)	(1,128,968)
Net pension liability, end of year	<u>\$ -</u>	<u>\$ (1,844,990)</u>	<u>\$ (2,973,958)</u>
Beginning deferred outflows	\$ -	\$ -	\$ 210,972
Change in deferred outflows	-	210,972	781,308
Ending deferred outflows	<u>\$ -</u>	<u>\$ 210,972</u>	<u>\$ 992,280</u>
Change in net pension liability	\$ -	\$ (285,237)	\$ (1,128,968)
Change in deferred outflow	-	210,972	781,308
Net pension expense not paid	<u>\$ -</u>	<u>\$ (74,265)</u>	<u>\$ (347,660)</u>

The initial net pension liability and deferred items was reported as an adjustment to beginning net position in 2015.